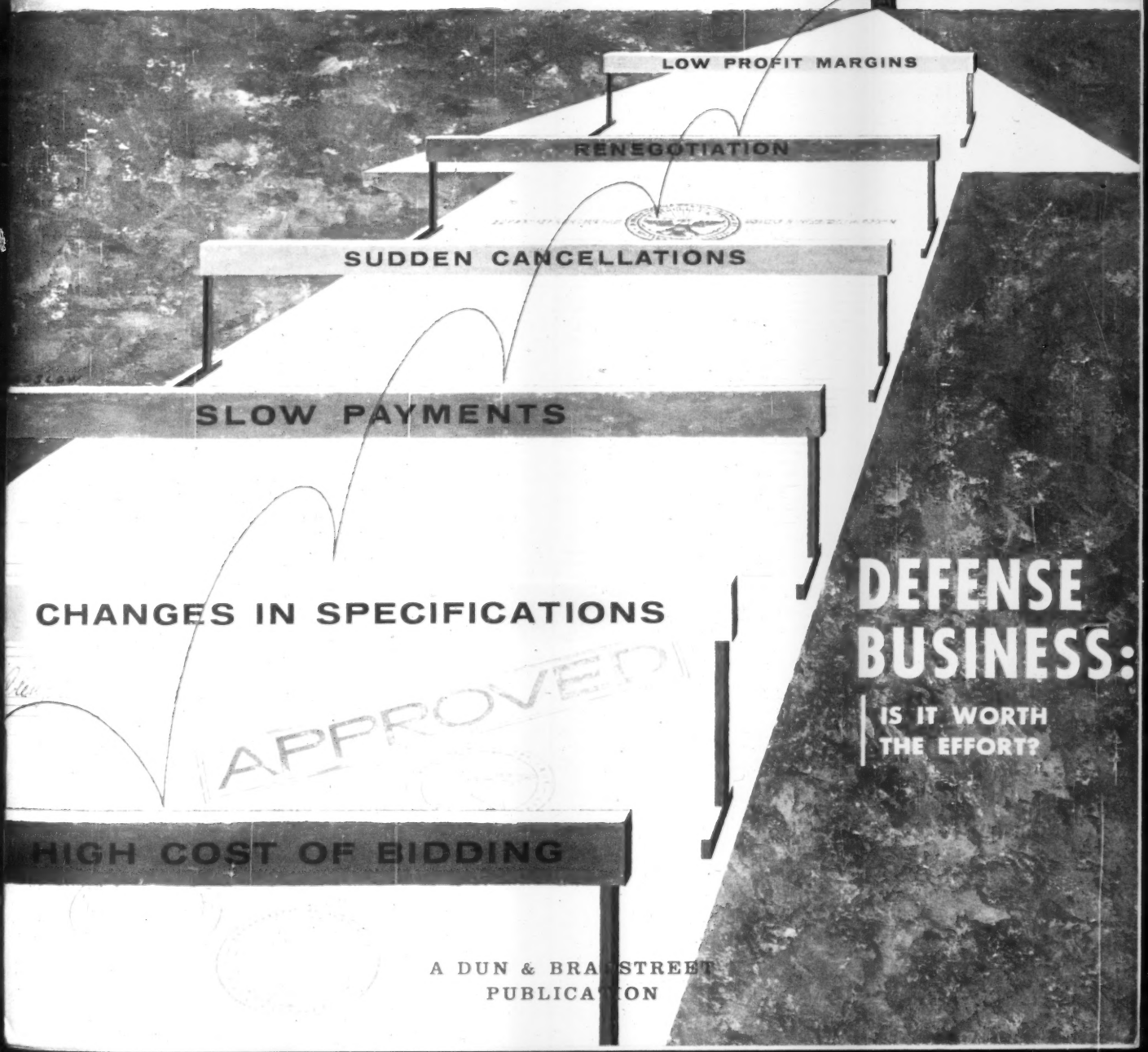
May 1960 75¢

DUN'S REVIEW
AND MODERN INDUSTRY

- SHOULD YOU SELL TO THE REDS?
- MYTH OF THE ALMIGHTY DOLLAR
- COUNTERING FOREIGN COMPETITION



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DUN'S REVIEW AND MODERN INDUSTRY

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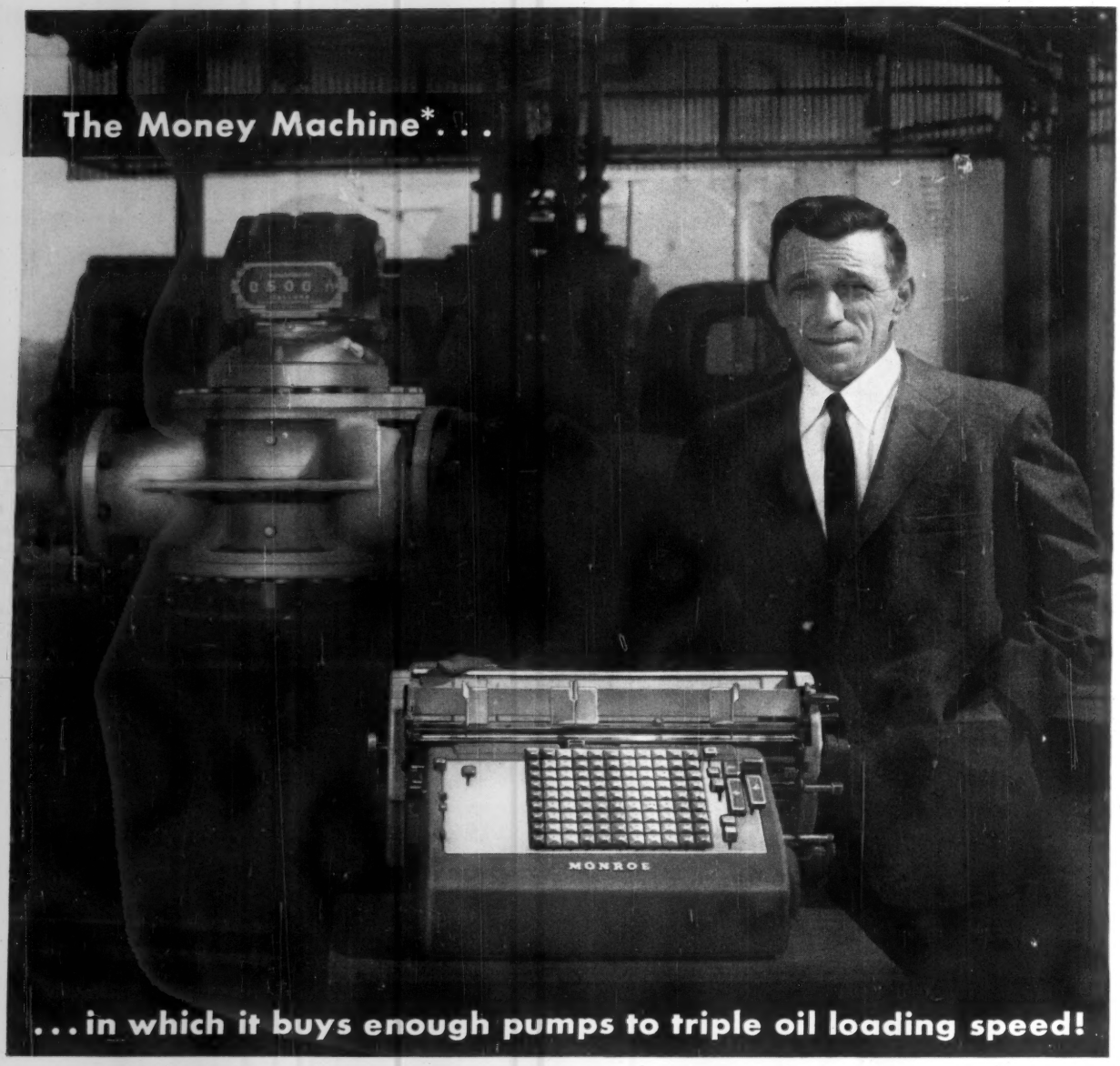

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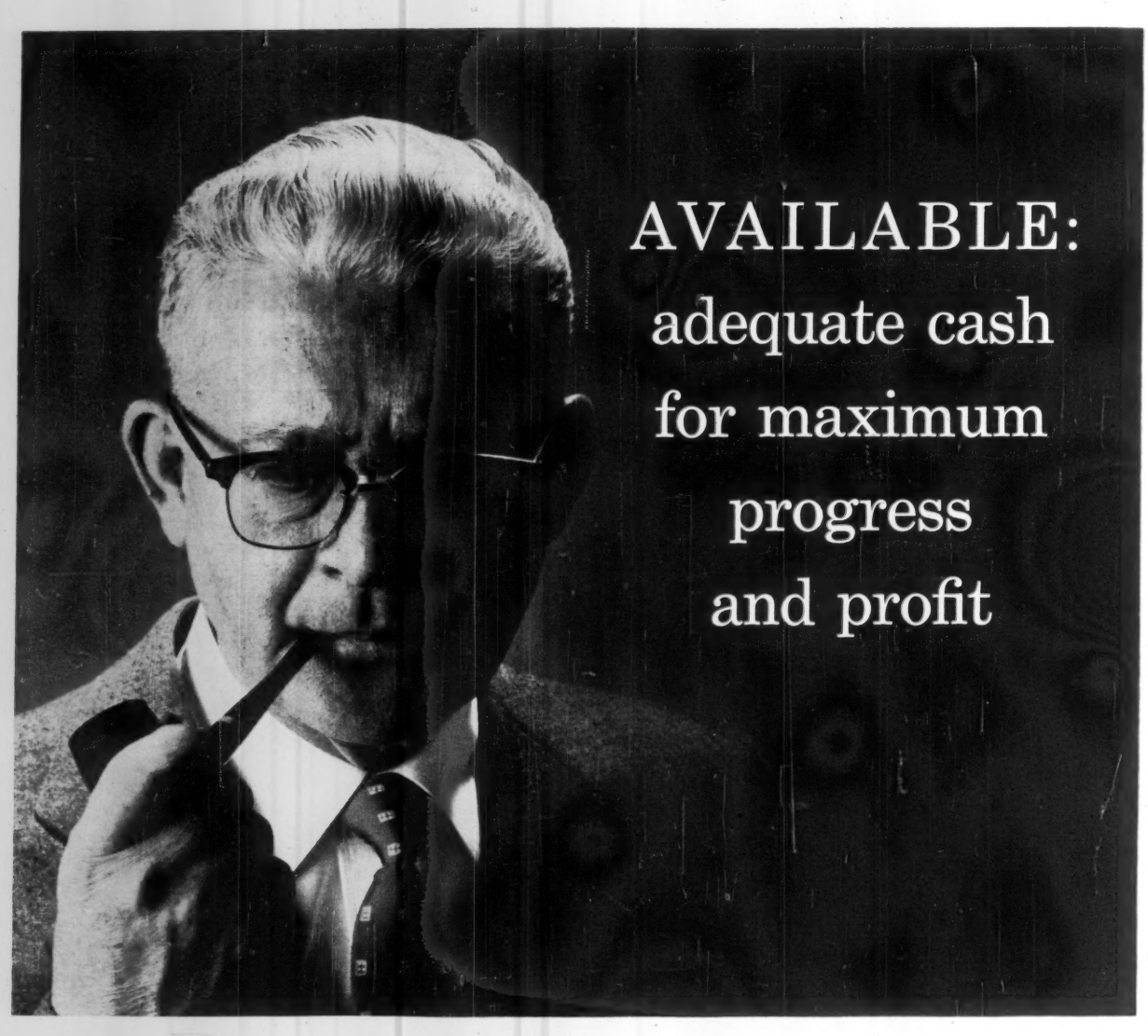

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The Trend of BUSINESS

Sales: *Retailers can expect moderate gains in volume*

Production: *January peak not likely to be matched until fall*

Housing: *Starts for 1960 will be down moderately from 1959*

Failures: *March casualties highest since May 1958 (p. 13)*

ALTHOUGH 1960 will be a record year for business, it probably won't live up to most business men's hopes. Over-all economic activity is currently perched on a high plateau, but there was hesitation on the part of some business indicators in late winter and early spring. Within the next month or so a slight upward movement is likely, but no sizable gains are in prospect before early fall. The extent of these late 1960 increases will depend greatly on consumer and business spending in the late spring and summer.

The pace of consumer buying has been slow, but will probably quicken later in the spring.

Despite the uncertainties in the business picture, consumers seem confident. Easter shopping got off to a slow start because of the bad weather, but preliminary estimates indicate that retailers have chalked up another record Easter selling season. Year-to-year gains may have been a little less than many retailers expected. On the other hand, shoppers may have postponed their purchases until later in the spring.

This is especially true of apparel. In that field it seems likely that increases over 1959 will widen during the coming weeks. With more extensive promotions on summer merchandise planned, sales increases in women's apparel will be more sizable than in men's clothing.

The recent growth in the volume of household goods sold will continue, with primary gains in furniture and appliances.

Warmer weather will mean more interest in metal outdoor furniture, air conditioners, and barbecue supplies. In addition there will be more marked gains in sales of refrigerators, laundry equipment, deep-freeze units, and indoor furniture.

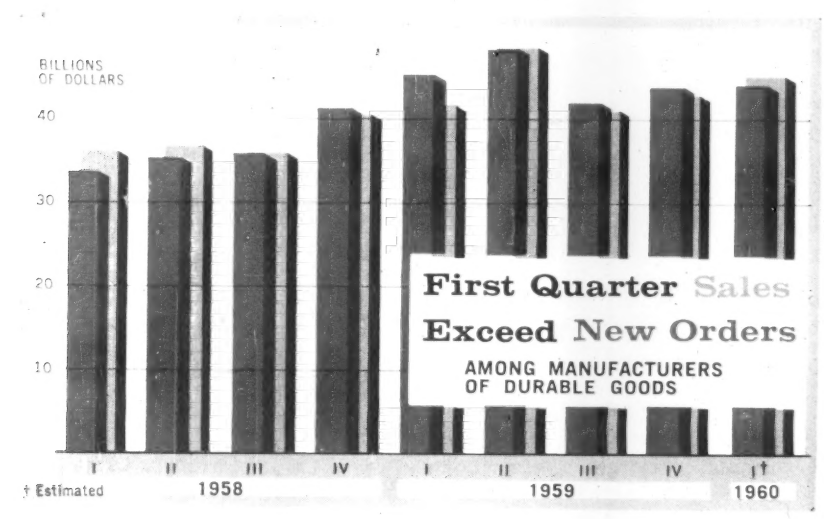
That consumer confidence in business conditions is growing was supported in the latest study of consumer attitudes, finances, and buying plans conducted in January and February by the University of Michigan Survey Research Center. A good many more of those interviewed planned to increase their spending than had reported such intentions in an earlier survey or in a comparable one taken a year ago. They seemed much more inclined to buy durable household goods than they did a year ago, and interest in purchasing new autos was up moderately.

Although retail sales of apparel may pick up and textile mills may consequently receive more bookings for woolens, worsteds, and cotton gray goods, trading in man-made fibers and industrial fabrics used by auto makers will probably remain sluggish. If extremely sharp gains in sales of passenger cars occur, upward revision in output schedules would, of course, be made. Over-all transactions in textiles, however, will resume the steady year-and-a-half rise that was interrupted a few months ago.

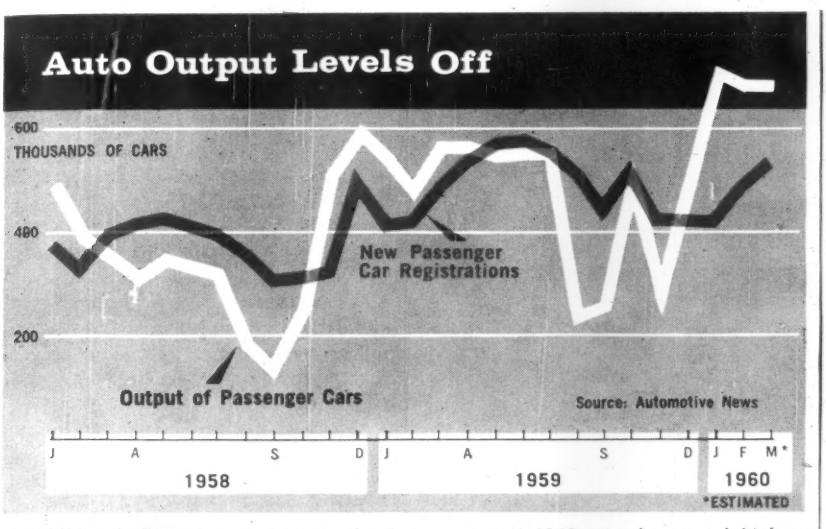
Increased buying of appliances and autos will mean more noticeable gains in consumer credit outstanding.

The rate of increase in consumer installment buying will pick up, but it is not likely to match the rapid pace of the first half of 1959.

With the increase in retail trade will come gains at the wholesale and manufacturing levels. Although the most noticeable year-to-year gains are likely to occur in furniture, appliances, and other household durable goods, increases in soft goods will be substantial.



NEW ORDERS *for manufacturers' durables moved up early in 1960, but sales climbed more rapidly, reducing backlogs. Source: U.S. Department of Commerce.*



ALTHOUGH OUTPUT *of new cars in the first quarter of 1960 was the second highest for any first quarter on record, it fell short of estimates made early in the year.*

The recent decline in manufacturers' unfilled orders for durable goods will be slowed in the months ahead, and eventually stopped as new orders expand and match sales. To a large extent this will be supported by continued gains in spending for new plant and equipment, bringing more new orders for machinery and other durable goods. These gains, however, will be partly offset by a leveling off in new orders for automobiles, since stocks are now extremely high.

Although inventories are still relatively low in relation to sales, business men will remain cautious about adding to their holdings.

The recent rise in inventories has been matched by sales increases, but this does not promise a pick-up in the rate of inventory accumulation. Many business men feel that, since goods are now available on short notice, it should be easy to cope with any upsurge in sales. Consequently, inventory build-ups will probably show little change from those of recent months, and may even subside.

This conservative inventory policy will mean little change in the level of over-all industrial production in the period ahead. Although the downtrend that has prevailed since the January peak will be halted, it seems improbable that that record of 168, in terms of the Federal Reserve Board's index (1947–49 = 100), will be matched before fall.

Don't look for an upturn in steel production before autumn.

Reflecting further declines in incoming orders, steel output will dip even more in the months immediately ahead. In midsummer, operations will hit a low for the year of somewhere between 70 and 75 per cent of rated capacity, and then pick up moderately in response to new orders, especially from automobile manufacturers and machinery producers. Until then orders from appliance makers, freight car builders, and the construction industry will probably show modest gains, helping sustain steel output at a level above 70 per cent of capacity.

In the months ahead, higher steel exports are likely, reflecting the good business of European automobile and appliance manufacturers. More declines in U.S. imports of steel are also probable, but they will still remain relatively high. Within the industry, tougher competition at home and abroad will make domestic producers hesitate to raise prices.

Despite the recent impressive gains in dealers' sales, it is unlikely that automotive production in the months ahead will approach the near record level of the first quarter.

It now looks as if 1960 will be a 6.5 million auto year—below what the industry expected early this year but nonetheless the second highest in history.

Compact cars will continue to claim somewhere between 25 and 30 per cent of the market, making inroads in

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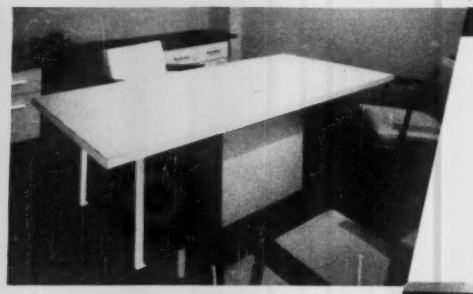

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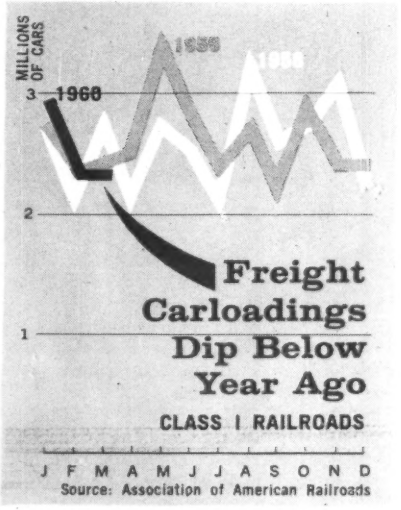
the sales of foreign models and used cars. Volume in used cars has been running fractionally above what it was a year ago.

Truck manufacturers broke production records during the first quarter of this year, and they expect sales to total about 1.2 million for 1960 as a whole, which would moderately exceed the record set for truck sales in 1951.

Year-to-year gains in the output of electric power and coal will not be so noticeable as earlier this year, reflecting the leveling off in over-all industrial production.

The rise in paperboard production that has occurred since the beginning of 1960 has exceeded expectations. Business men are also encouraged that new orders for paperboard have expanded more than seasonally in the past few months. Industrial orders for paperboard, which is used as a packaging material, must be placed before manufacturers start production.



DURING *the first three months of 1960, carloadings of coal, grain, livestock, and merchandise ran below last year's level.*

The hesitation in industrial production will also be reflected in the level of unemployed.

During the summer, the number of jobless will remain somewhere above 5 per cent of the labor force, after adjustment for seasonal differences, up from the three-year low of 4.8 in February. This will result partly from an increase in the number of job-seekers. The number of employed may subside a bit from current high levels.

When the U.S. Department of Commerce and the Securities and Exchange Commission interviewed business men earlier this year, they said they expected to boost their plant and equipment expenditures to a new peak. But there has been some concern about the sluggish expansion in machine tool orders: what gains there have been have stemmed primarily from foreign orders. Some business men feel that unless there is a substantial increase in the coming months it is doubtful that plant and equipment expenditures will be quite so high as previously expected.

Business spending of this sort may also be somewhat affected by lower-than-anticipated corporate profits in the second and third quarters. In looking ahead to the long-range needs for additional space, however, business men will still boost their plant and equipment spending noticeably over last year. And the level for the year as a whole will come close to the record set in 1957.

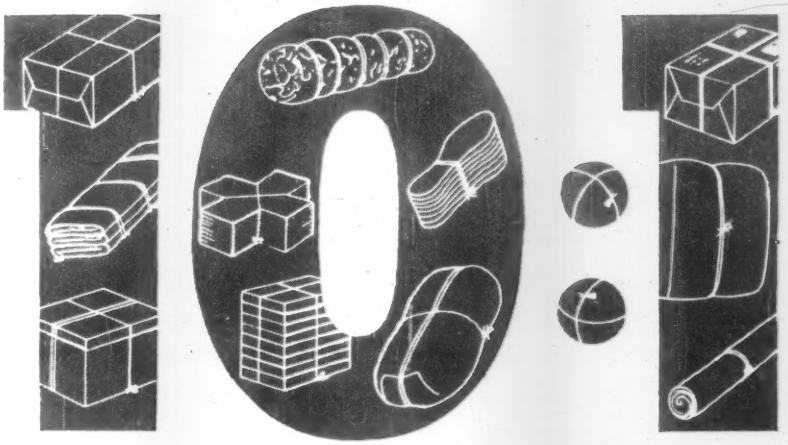
This will mean marked gains in outlays for industrial construction. Spending for office buildings, stores, and other non-residential structures will also be sustained at a high level.

The prospects for housing are a little brighter than they were earlier this year.

At present, it appears that there is a chance mortgage money will be somewhat more available. And since consumers seem a little more confident about business conditions than they did a few months ago, the decline in the number of new housing starts during the early months of 1960 will probably soon be reversed—for a few months, at least. A level of somewhere around 1.25 million units for all of 1960 is probable. Although this represents a decline of about 7 per cent from 1959, it will be offset by the gains in industrial and commercial building, which will hold over-all construction outlays for 1960 as a whole close to 1959.

Prices will go higher, and credit demands will probably drop.

Despite the slightly more cheerful outlook for home building, some prospective home buyers will be discouraged by continued, though minute, increases in construction costs. Consumers will also be facing rather higher prices for apparel and medical care, and food prices will move up



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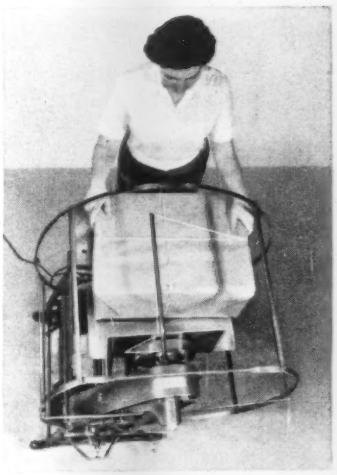

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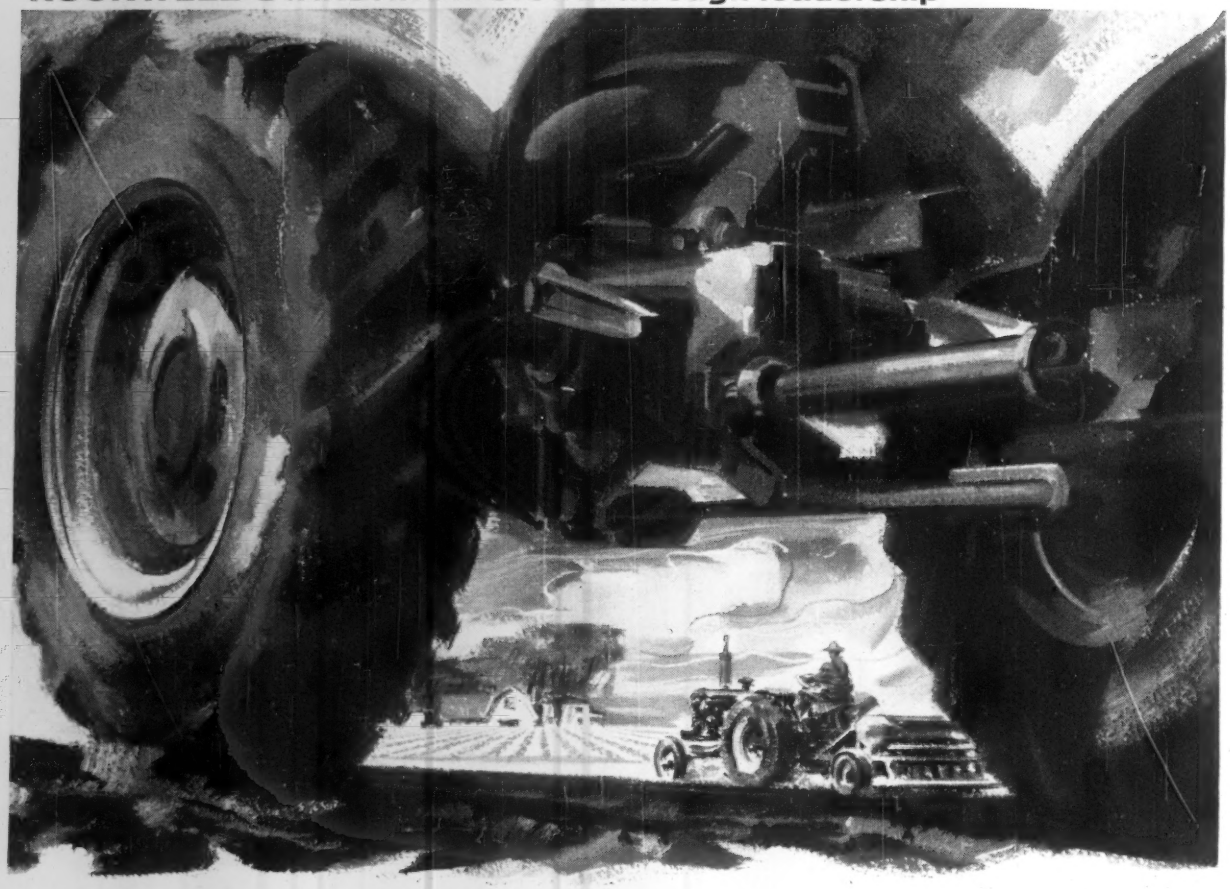

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through midsummer. For the whole of 1960 the rise in the over-all Consumer Price Index, compiled by the U.S. Bureau of Labor Statistics, will be about the same as the rise in 1959 over 1958.

Behind many of the price increases will be the relatively high level of consumer buying. Another stimulant to higher prices could be deficit financing of the Federal budget through the commercial banks, if the recent fears of some officials are justified. They see a chance that the budget for the year ended June 30 may not be balanced because of lower than expected corporate income taxes for the year 1959.

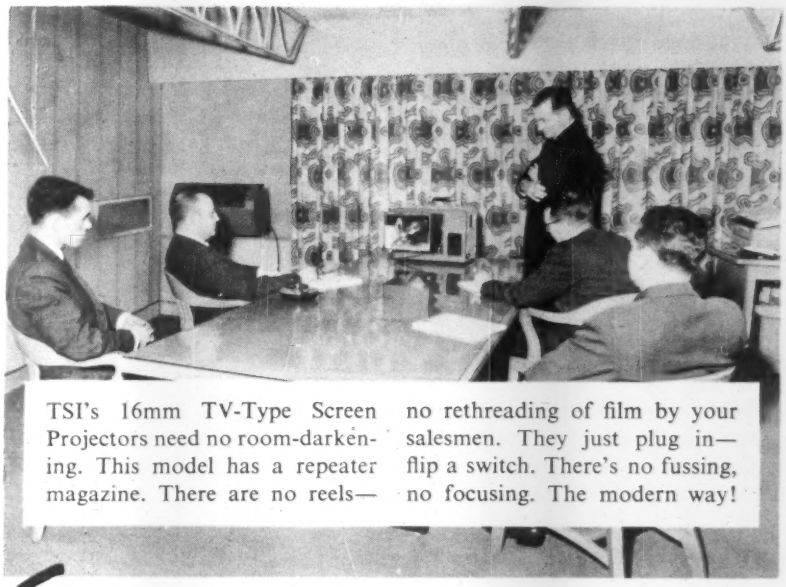
Since the beginning of the year, business has been financing more of its investment in inventories and new plant and equipment through internally generated funds than was anticipated. The demand for credit has been below expectations, resulting in a decline in interest rates. It is now believed that credit demands will not be so great in 1960 as they were in 1959.

The Federal Reserve Bank is keeping a watchful eye on this situation, as well as on general business activity. And unless business shows some healthy gains in the weeks ahead, it seems the Bank will have to consider lowering its discount rate, or the charge it makes for lending money to commercial banks that are members of the Federal Reserve System.

Trading on the New York Stock Exchange moved up appreciably in mid-April, and prices showed some of the best advances thus far in 1960. The rise was attributed to the better-than-expected increase in automobile sales during the latter part of March. Later, stock averages receded a little, following reports of the decline in steel operations.

In the coming months, both business men and the Government will concentrate more on reducing the balance of payments deficit. There will be more effort to promote exports abroad, not only through more extensive sales campaigns but also through expansion of foreign marketing information and more effort to make sales at trade fairs.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.



TSI's 16mm TV-Type Screen Projectors need no room-darkening. This model has a repeater magazine. There are no reels—no rethreading of film by your salesmen. They just plug in—flip a switch. There's no fussing, no focusing. The modern way!

For MONEY-MAKING MISSIONS

Equip your salesmen This Way!

A manufacturer whose big sales are at Christmas makes up his ad program (TV Commercials) in the Spring. Pre-showing these to his dealers brings early placement of large orders.

Another company's Annual Convention, showing the new merchandise, attracts many distributors and key dealers. It is filmed and promptly taken across the country. Dealers see it—then stage it for all their sales people.

TV-type presentations are invariably successful for new product introductions—new inventory plans—new services coming up—*anything that's worth telling impressively.*

"Sounds good," you say. "BUT— Must we make a capital investment of several hundred dollars per territory-man to buy the projectors?"

THIS ISN'T NECESSARY TSI WILL LEASE THEM TO YOU.

TECHNICAL SERVICE, INC. *is the largest manufacturer of TV-Type Screen Projectors for 16mm Sound Films*

tsi TELL • SELL • INSTRUCT

60-3

TSI LEASING, INC.
30850 Five Mile Road
Livonia, Mich.

☐ Send cost of LEASING PROJECTORS for one month or more.

☐ Tell us about your MOVIEMATIC model with no reel arms, no re-threading—for audiences of 1 to 40.

Name _____

Title _____

Company _____

Address _____

or phone Sales Dept., KEnwood 3-8800, Detroit

OUR BEST BET IS TRAILWAYS PACKAGE EXPRESS

The man who won the boss's nod simply knows that Trailways Package Express is *fast*: same day delivery in most cases . . . *convenient*: dozens of frequent 'round the clock schedules night and day . . . and *easy:* just take your packages to the express window of your friendly Trailways Bus Terminal. And now *you* know . . .

"Easiest Travel on Earth"

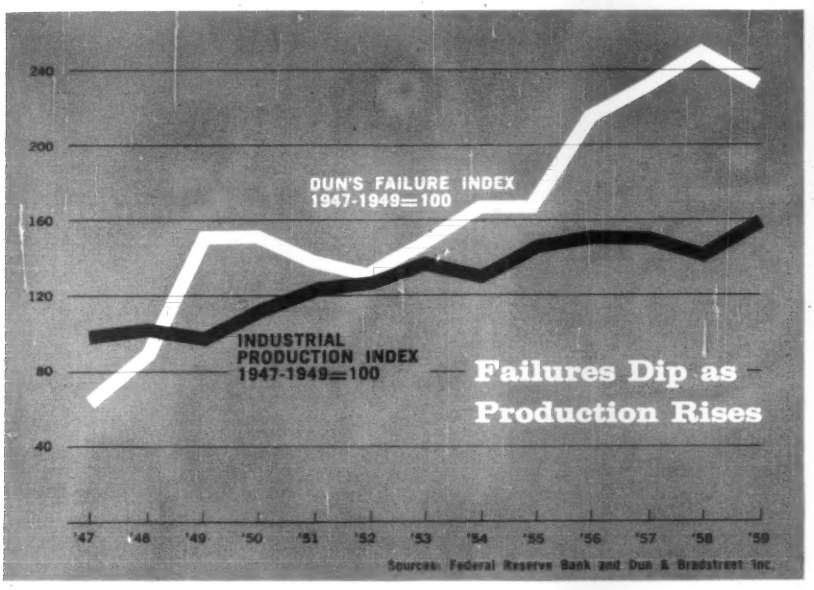
TRAILWAYS

1012 14TH ST., N.W., WASHINGTON, D.C.
AND ALMOST ANY CITY, U.S.A.

"CHOOSE carefree CHARTERS . . . USE convenient PACKAGE EXPRESS"

Business Failures

Toll is highest since May 1958
Wholesaler casualties at postwar peak



BUSINESS failures, climbing 10 per cent to 1,335 in March, reached the highest level since May, 1958. This upturn, which ran contrary to the normal seasonal dip for the month, lifted casualties 6 per cent above March a year ago. However, they continued below the recession toll of 1,495 in the comparable month of 1958.

The failure rate edged up to 51.1 per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*. Although this rate was slightly higher than in February or in the previous March, it was considerably less severe than the 60 per 10,000 in 1958.

Dollar liabilities rose 15 per cent to $70.2 million, the heaviest volume in eleven months and 8 per cent above a year earlier. Failures involving liabilities in excess of $100,000 took the sharpest upturn.

Casualties ran higher in all types of operation except retailing. The toll among wholesalers reached a postwar high, with a considerable increase in the building materials trade. Construction failures, up steeply from February and 30 per cent above March last year, climbed to a new record for that industry. In the main, subcontractors accounted for the rise from February, but general builders also showed a marked upturn from their 1959 levels. Manufacturing tolls changed little from February except for increases in the textile, apparel, and furniture industries.

Total retail mortality dipped below February and below March 1959 as a result of concentrated declines in a few trades. Casualties among appliance and house furnishings stores

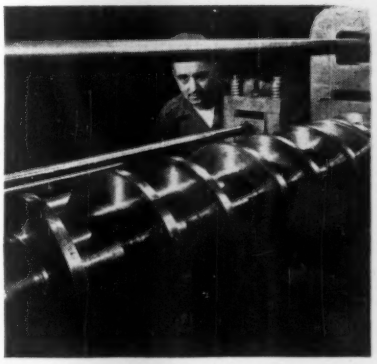
THE FAILURE RECORD

	Mar. 1960	Feb. 1960	Mar. 1959	% Chg. †
DUN'S FAILURE INDEX*				
Unadjusted	55.2	58.8	54.4	+1
Adjusted, seasonally	51.1	50.7	50.4	+1
NUMBER OF FAILURES	1335	1214	1263	+6
NUMBER BY SIZE OF DEBT				
Under $5,000	153	136	160	−4
$5,000—$25,000	617	597	596	+4
$25,000—$100,000	402	358	387	+4
Over $100,000	163	123	120	+36
NUMBER BY INDUSTRY GROUPS				
Manufacturing	224	196	210	+7
Wholesale trade	143	111	126	+13
Retail trade	607	609	625	−3
Construction	241	195	185	+30
Commercial service	120	103	117	+3
LIABILITIES (*in thousands*)				
CURRENT	$70193	$60945	$65051	+8
TOTAL	70393	61661	66646	+6

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, March 1960 from March 1959.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or governments; they do not include long-term publicly held obligations.



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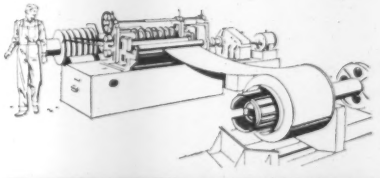
To help meet the demands of tight production schedules, YODER Slitters reduce mill-width stock quickly and economically to desired widths. If your needs are as low as 100 tons per month, time and manpower savings alone will offset the cost of your YODER Slitter in a matter of months, while reducing basic inventories. Compactly designed, standard YODER Slitters are built to handle standard coil widths... completely engineered lines for special requirements.

YODER accessories, such as coil cars, swivel unloaders, scrap choppers, scrap disposers, plate levelers and coil boxes, make stock handling fast and easy.

YODER also makes a complete line of Cold Roll-Forming equipment and Pipe and Tube Mills. To profit from YODER'S years of engineering and service experience, contact your local YODER representative or send for the YODER Slitter Manual.

Investigate the many advantages of YODER-engineered Slitter Installations. Write today for this comprehensive, 80 page YODER Slitter Manual... it's yours for the asking!

THE YODER COMPANY
5531 Walworth Avenue • Cleveland 1, Ohio



ENGINEERING YODER MANUFACTURING
ROTARY SLITTING LINES

B. P. JOHN FURNITURE CORPORATION

Kickerinos

EMECO

Anglo Fabrics

Georgetown Galleries, Inc.

TexStyle INC.

BRISTOUTE — FABRIC & WATERPROOF FOOTWEAR — BRISTOL, R. I.

THE HITCHCOCK CHAIR COMPANY

HERMAN MILLER INC. ZEELAND MICHIGAN

Flairtime BY Silvestri, INC.

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L. E. CARPENTER & COMPANY

Advance Fabrics Company

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HUNTINGTON FURNITURE

WARD FURNITURE MANUFACTURING CO.

KRAEMER TEXTILES INC.

MAYFLOWER WORSTED

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Knit Goods • Luggage • Paints
Paper • Plastics • Rayon Fabrics
Rubber Goods • Shoes
Sleep Products • Sporting Goods
Sportswear • Tailored Clothing
Textile Importers • Underwear
Upholstery Fabrics • Weather-wear
Woolen Fabrics • Work Clothing
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WILLIAM ISELIN & CO., INC.
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WHY FINE FIRMS FACTOR WITH

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William Iselin & Co., Inc.
takes over the
intricate task
of providing
financing
for its clients,
and assumes
all the risks of
extending credit
to their customers,
thus
leaving them free
to concentrate on
styling,
producing, and
selling
their lines—
responsibilities enough
for any
manufacturer.

WILLIAM ISELIN & CO., INC.
Factors · Founded 1808
357 PARK AVENUE SOUTH
NEW YORK 10, N. Y.

were the lowest so far this year. And only one-third as many auto dealers failed as did a month earlier. The retail decline from last year's level came from food stores, restaurants, and farm and garden supply stores, which offset the increases from 1959 prevailing in most trades.

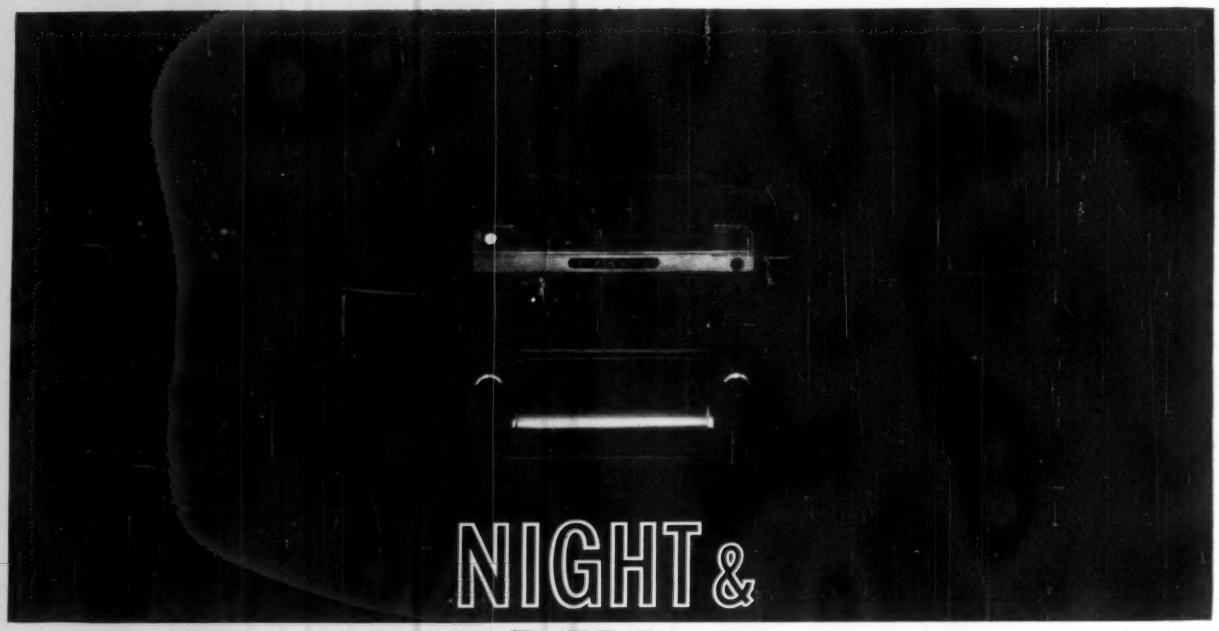
All regions except the South Central States suffered higher failures during March. The increase from February was reported in both large cities and non-metropolitan districts. Casualties in the South Atlantic States reached a postwar record; the East North Central and Pacific Regions had the heaviest tolls since the spring of 1958. Sharp increases were reported in Connecticut, Georgia, Florida, Illinois, Arizona, and California. Despite these general month-to-month rises, geographic variations from 1959 were mixed—five regions had more failing businesses than last year and four had a lower mortality rate.

FAILURES BY DIVISION OF INDUSTRY

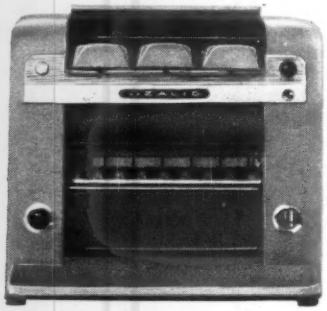
	Cumulative total (Three Months)		Liabilities in million $	
	1960	1959	1960	1959
MINING, MANUFACTURING	630	632	57.0	57.1
Mining—coal, oil, misc.	21	18	4.1	2.9
Food and kindred products	43	46	3.0	3.3
Textile products, apparel	110	111	9.5	5.2
Lumber, lumber products	116	111	5.5	4.9
Paper, printing, publishing	44	44	2.7	1.8
Chemicals, allied products	18	17	1.1	1.0
Leather, leather products	23	23	3.2	1.7
Stone, clay, glass products	8	14	1.1	1.7
Iron, steel, products	51	36	7.8	2.7
Machinery	61	73	5.8	15.7
Transportation equipment	24	21	3.3	2.2
Miscellaneous	111	118	10.0	14.0
WHOLESALE TRADE	352	362	25.4	21.1
Food and farm products	90	77	9.7	5.9
Apparel	8	12	.3	.7
Drygoods	9	6	.3	.1
Lumber, bldg. mats., hdwre	56	34	3.5	2.9
Chemicals and drugs	9	14	.3	.4
Motor vehicles, equipment	23	29	1.1	2.3
Miscellaneous	157	190	10.4	8.9
RETAIL TRADE	1803	1849	46.8	75.9
Food and liquor	228	297	5.7	9.7
General merchandise	68	94	2.5	4.6
Apparel and accessories	282	296	6.5	18.2
Furniture, furnishings	267	236	8.6	9.4
Lumber, bldg. mats., hdwre	109	116	3.5	4.2
Automotive group	289	246	6.8	7.0
Eating, drinking places	320	331	7.8	11.0
Drug stores	45	27	.9	.8
Miscellaneous	195	206	4.3	11.0
CONSTRUCTION	629	537	42.2	26.8
General bldg. contractors	242	176	21.8	12.4
Building subcontractors	348	310	17.5	11.2
Other contractors	39	51	2.8	3.1
COMMERCIAL SERVICE	316	317	13.4	16.4
TOTAL UNITED STATES	3730	3697	184.8	197.2

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.



2½ years of continuous service DAY without a single major breakdown



That's the record that the Ozalid OZAMATIC® has racked up with the MILWAUKEE ROAD. Here's what they have done: Using teletype equipment for distribution of essential information, the MILWAUKEE ROAD employs a complete Ozalid system to cut costs and time while improving efficiency. Their teletype machines are equipped with translucent paper, and use black record typewriter ribbons. Duplicates of multiple-copy communications are reproduced in seconds on the OZAMATIC and distributed to proper channels. Work that once took hours now takes minutes. And with the Ozalid system, copies cost less than 6/10 of a cent each. The entire operation began two and one-half years ago, and was the start of an extensive communication network, involving the use of OZAMATIC units in the major communications offices. The original Ozalid equipment has been in constant use night and day for 218,465 hours without a single major servicing. But this is just one of the many applications where Ozalid equipment and systems improve efficiency while cutting costs. Why not call your local Ozalid representative for a demonstration or write: Ozalid, Johnson City, New York. Ozalid, A Division of General Aniline and Film Corp., Johnson City, N. Y.

OZALID

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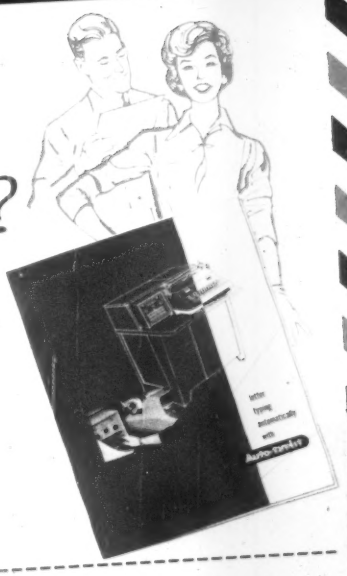
Free Booklet?

It's packed with facts on money and time saving applications for Automatic typing in every business



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AMERICAN AUTOMATIC TYPEWRITER COMPANY
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FIND OUT HOW YOU
CAN SLASH TYPING
AND DICTATING TIME
OVER 200%

SEND FOR YOUR
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MAIL THIS
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BUSINESS REPLY MAIL
No postage stamp necessary if mailed in the United States

First Class
Permit No.
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AMERICAN AUTOMATIC TYPEWRITER COMPANY
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Chicago 39, Illinois

Auto-typist *Yes, Auto-typist individually types form letters but it also will...*

HANDLE EVERYDAY CORRESPONDENCE AUTOMATICALLY!

Auto-typist *Over 60% of all business correspondence can be handled with just a push of buttons*

Auto-typist *Slashes typing and dictating time over 200%*

The amazing Auto-typist, with push button selector, can cut your daily dictating time from hours to minutes . . . type your letters 2½ times faster than any typist . . . error free . . . erasure free. Now practically all credit, collection, product information, delivery and complaint correspondence can be handled with just the push of buttons. Letters to distributors, salesmen, customers, prospects and suppliers can be turned out this same fast automatic way. With Auto-typist, every letter can be personalized and customized to answer to give specific information. In addition, the Auto-typist can turn out quantities of form or promotional letters that have the action-getting appeal of a personally typed letter. The cost is amazingly low . . . even small businesses find an Auto-typist can pay for itself in 4 months.

FOR YOUR FREE BOOKLET

Mail the Attached
Air Mail
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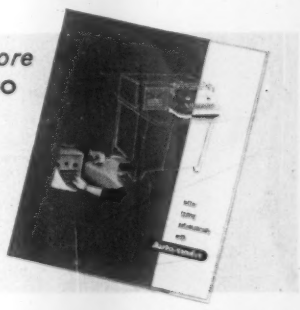
If your company sends out 25 or more letters per day... **you will want to read this**

NEW FREE BOOKLET!

This new booklet illustrates how you can handle correspondence automatically and the many other essential jobs you can do faster and at lower cost with Auto-typist. It's important reading for every businessman.



Auto-typist **AMERICAN AUTOMATIC TYPEWRITER COMPANY**
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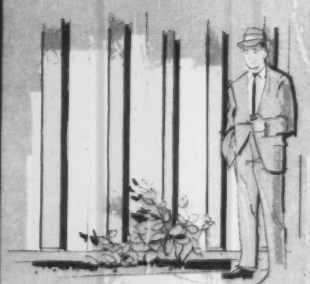
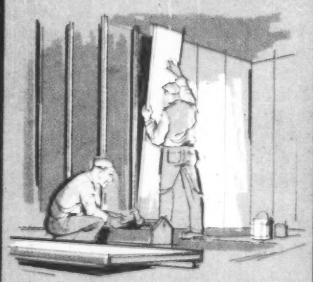
New steels are born at Armco

New Beauty



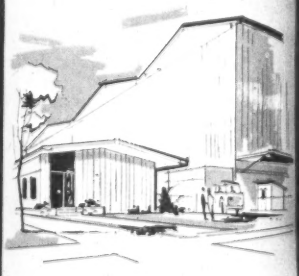
Classic new sturdy wall panel — the Armco Sculptured STEELOX® Panel—gives walls a dramatic, shadow effect.

Insulated Panels



Steel, snap-in insulated panels for interior finishing are now available for all models of the Armco Building line.

Two Roof Slopes



Greater variety: You can now choose from a low silhouette 2:12 pitch gable roof, or conventional 4:12 pitch gable roof.

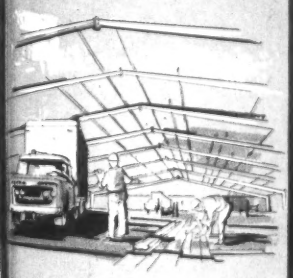
SEE THESE SWEEPING NEW FEATURES IN THE FAMOUS LINE OF ARMCO STEEL BUILDINGS

NEW Wall Beauty
NEW Ruggedness
NEW Comfort
NEW Economy
NEW Utility
NEW Sizes

Steel

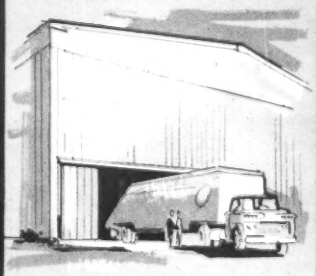
There's more for you than ever before in Armco Steel Buildings. Inside and out, you'll find a handsome new look, new features, new advantages. Yet, important advantages that have won acceptance for Armco Steel Buildings for the past 40 years are still there. The durability, tightness, safety and salvability, the ease of finishing, the strength and attractiveness are still there. But now you get even more! Here are the highlights from Armco Drainage & Metal Products, Inc., Middletown, Ohio.

Greater Widths



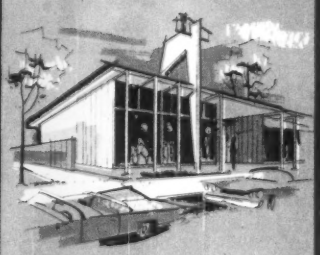
For utmost usability clear spans of 120 feet are now available, topping a range of 18 widths starting at 5'4".

New Heights



To the widest range of heights in the industry, Armco Buildings now add even more. Range is from 8 feet to 40 feet.

New Buildings



A brand new series of buildings with a single slope roof design is offered, in a variety of widths up to 24 feet.

GET DETAILS IN FREE LITERATURE

Armco Drainage & Metal Products, Inc.
6030 Curtis Street, Middletown, Ohio

Please rush details about the all-new Armco Building line. I am interested in a building for the following use: _____

Approximate size: _____

NAME _____

TITLE _____

ORGANIZATION _____

STREET _____

CITY _____ ZONE _____ STATE _____

ARMCO DRAINAGE & METAL PRODUCTS

ARMCO

Subsidiary of ARMCO STEEL CORPORATION

OTHER SUBSIDIARIES AND DIVISIONS: Armco Division • Sheffield Division • The National Supply Company • The Armco International Corporation • Union Wire Rope Corporation

NATION'S GOING-EST RAILROAD!

- America's newest fleet of diesel locomotives . . . 529 units with average age only 2.5 years.
- 81,006 modern freight cars — more per mile of line than any other major U. S. railroad.
- Busiest large railroad . . . greatest freight traffic density.
- A 30% longer railroad with merger of the Virginian into Norfolk and Western. *Wonderful new industrial sites.*
- New, easier grades, more interchange points with other railroads.
- Now a billion dollars in assets.

Norfolk and Western Railway

GENERAL OFFICES • ROANOKE, VIRGINIA

WASHINGTON Business Front

JOSEPH R. SLEVIN

New proof of history's sad lesson—big government gets bigger, no matter who's in the White House.

Washington financial advisers cast an interested eye on Britain's anti-inflation drive.

Installment credit has sprouted wings, the critics say—and must be brought down to earth.

WASHINGTON, D.C.—When Edgar M. Queeny announced in late March that he was resigning the chairmanship of Monsanto Chemical Company, he delivered himself of a fifteen-minute speech attacking the Eisenhower Administration's "Raw Deal." The voters, he said, had exchanged Tweedledum for Tweedledee when they elected the General to replace President Truman in November, 1952.

Queeny is disillusioned. He did not get what he hoped he was voting for when he cast his ballot almost eight years ago. "We were promised, and expected, desirable changes in our foreign and domestic, economic and social policies," he declared.

Queeny has been fighting a losing battle. The trend towards having the Federal Government take on ever greater responsibility has been slowed since Mr. Eisenhower entered office. But Queeny wants it reversed and it has not been reversed. No objective political observer thinks it at all likely that it will be reversed.

The question of the role of the Federal Government is the central political issue of the day: the year—and quite possibly the decade. It has been at the heart of one intra-Administration policy dispute after another. It was the central issue last year when Secretary of Labor James P. Mitchell unsuccessfully tried to convince the President that unemployment compensation standards ought to be set by the Federal Government. It was the central issue again this past winter when Secretary of Health, Education, and Welfare Arthur S. Flemming tried with equal lack of success to win Presidential support for medical benefits for the aged.

Mr. Eisenhower takes a dim view of giving the Federal Government more responsibility and authority than it already has. In fact, he would like to turn over some of its existing functions to the states, to local governments, and to private organizations. Except for a brief flirtation with what he called "Modern Republicanism," he has been talking of doing just that for seven years and eight months—and the Federal Government has become steadily bigger instead of smaller.

The writing on the wall is plain. Mr. Eisenhower's successor will not share his reluctance to add to the responsibilities of the Federal Government. It seems certain that the trend that the President has slowed will gain new momentum after he leaves office.

There can be no doubt of the course that a Democratic President would follow: He would want to broaden the role of the Federal Government.

Where does Nixon stand?

If the voters choose Vice President Nixon, they will turn the White House over to a man who has taken pains to let it be thought that he is dissatisfied with Mr. Eisenhower's view of the Federal Government's responsibilities. Nixon was sympathetic to Mitchell's attempt to strengthen the unemployment compensation program, and he encouraged Mr. Flemming's attempts to devise a health program for the aged that would win Presidential indorsement. He would like to take a record of social welfare accomplishments to the voters in November.

Some of the increase in Government activities since 1953 has been the result of Democratic embellishments of White House proposals. Some of it was initiated by the Democrats. But much of it came because Mr. Eisenhower asked for it.

The President has opposed big new Federal hydroelectric projects, but he has supported a large number of small power projects. He asked Congress to broaden minimum wage coverage, with a minimum of 90 instead of 75 cents, but when Congress voted a $1 minimum, he signed the bill. He accepted social security legislation that cut the retirement age for women from 65 to 62, and broke new ground by providing full benefits to disabled workers when they reach age 50.

Mr. Eisenhower won Congressional approval of the huge interstate highway program—the first long-range highway construction program the United States has had—and during the 1957–'58 recession he pushed through a novel emergency Federal unemployment compensation program to supplement state assistance. Other developments of the past seven years have included the first Federal educa-

Make room for PROFITS

Effective production and storage space is increased . . . lifting, conveying and stacking are done more quickly and cheaply, with fewer men . . . and re-handling is eliminated—when your plant is equipped with a rugged, dependable, **"Job-Mated"** crane by Shepard Niles.

Shepard Niles Cranes are supplied with the exact combination of capacity, clearance, speed and controls you need to assure more efficient and profitable plant operation. Whichever one best meets your precise job conditions, it will be built to the same high quality standards that have made Shepard Niles America's largest, most relied upon, manufacturer of hoists and cranes.

Why not get the full story on the complete line of **"Job-Mated"** cranes by Shepard Niles. Ask to have a Shepard Niles representative call at your convenience, and send for our descriptive bulletin.

Makers of cranes from 500 lbs. to 500 tons

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tion program; a big, new, small-business loan program; establishment of the precedent-setting Small Business Investment Companies; a large-scale airport construction program; a beefed-up slum clearance effort; a new mortgage insurance program for merchant ships; a railroad loan guaranty program, and a series of liberalizing changes in the Federal home-building assistance program.

And Congress would have given the Federal Government even more responsibility than it did if Mr. Eisenhower had not adamantly opposed a number of its proposals. He vetoed a costly depressed areas bill in 1958 and successfully fought off a Democratic drive to have the Government build atomic power reactors. He twice vetoed omnibus housing bills last year and gave the same treatment to a brace of farm price support measures.

But the struggle goes on. The role of the Government once more is at issue in a long list of bills that has come before Congress in this election year. Federal responsibility for seeing to it that Negroes can vote was at stake in the prolonged civil rights fight. The responsibility for helping the aged is at the heart of the quarrel about providing medical benefits to social security recipients.

The 1960 minimum wage dispute is but another chapter in a continuing disagreement between those who would have the Federal Government do more and those who would have it do less. The same can be said of the atomic reactor controversy, the installment credit charge disclosure proposal, the education program, the college construction argument, the chemical additives fight, and the renewed demands for more general housing assistance.

The debate will continue into the July political conventions and into the fall campaigns. Congress and the Administration have been under steady pressure to have the Federal Government accept greater responsibility for allocating the country's resources. There is no sign that the pressure is diminishing. On the contrary, all the signs point to its growing stronger.

Bully for John Bull

It is generally acknowledged that the turning point in Britain's battle to lick inflation came in the fall of 1957, when the Bank of England dramatically increased the discount rate, a

major wage increase demand was successfully resisted, and the Chancellor of the Exchequer announced that full employment is not the Government's prime goal.

Eisenhower Administration officials frequently point to the British success story in emphasizing the necessity of preventing another inflationary outbreak here. A persistent outflow of gold has made the Administration keenly aware of the importance of maintaining confidence in the value of the dollar. Some Administration financial advisers believe that a recent statement by Chancellor of the Exchequer Amory once again has put things in their proper order.

"First and foremost, we are committed to the defense of the pound sterling, to a stable balance of payments, and to seeing that the products of our export trade are available at prices that other countries are willing to pay," Amory said.

"Secondly, we all want to achieve a high and stable level of employment without having to incur the risks and social injustices caused by a continual fall in the value of money.

"Thirdly, we want to achieve a steady increase in the standard of living because, after all, that is the whole purpose for which trade and industry exist."

The Sky's the Limit

Federal Reserve System officials are less than happy about the continuing development of new installment credit programs. The four that are spreading most rapidly are credit cards, retail store revolving credit, charge-account banking, and revolving check credit. Federal Reserve officials are particularly fretful about the easy access that consumers have to unsecured loans from banks. It's beginning to look as though the normal way of life for the average consumer will be to spend his own earnings plus several thousand dollars of someone else's money. A remarkable set of figures probably could be compiled on the outstanding personal debts of the average decedent.

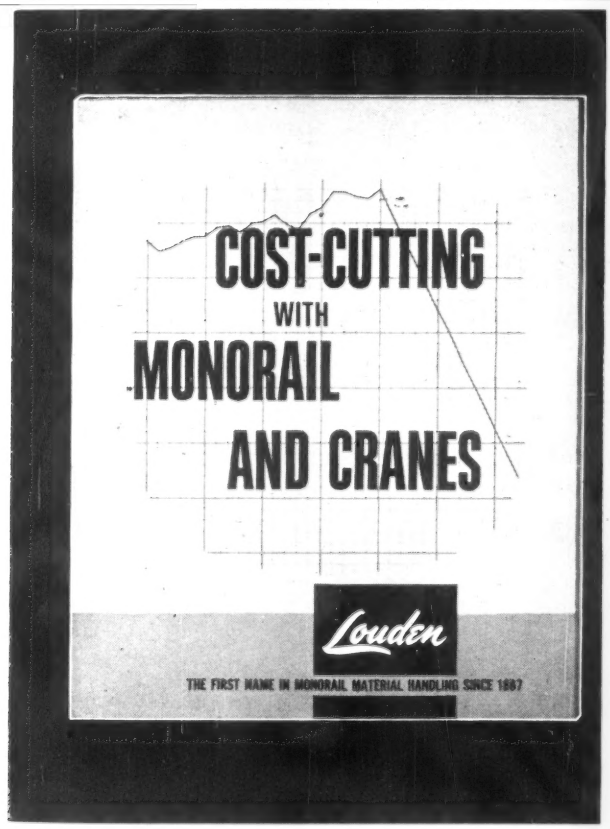
Bottleneck at the S.E.C.

It's getting so that a company has to plan a new security issue many months in advance or risk not being able to get its money when it wants it. There is a log-jam of registration statements at the Securities and Exchange Commission. The agency has been faced with a steadily rising volume of filings, and the load is more than its staff can handle.

The hardest applications to process are the stock and bond issues of companies that have never filed a registration statement before. It now takes the S.E.C. more than a month to clear the application of a company it knows, and it spends an average of about two months on the statements of unfamiliar corporations. When the Securities Act of 1933 was passed, Congress figured that 20 days would be needed to clear new filings.

And there's no relief in sight. S.E.C. Chairman Edward N. Gadsby predicts that registrations will total 1,500 this year and will climb even higher in the next twelve months. The applications rose above the 1,000 mark last year for the first time in history.

The S.E.C.'s unofficial advice to a company that wants quick action on a registration statement: Get an accountant, a lawyer, and an underwriter who are familiar with S.E.C. requirements and procedures. END



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SINCE 1867 . . . THE FIRST NAME IN MATERIALS HANDLING

President Lewis T. Ellsworth in his Shaw-Walker furnished office.

INSURANCE COMPANY PRESIDENT TELLS "How we improved our way of office life and increased work efficiency 15%"

Surety Life Insurance Company wisely provided its employees with *interior working comforts* and conveniences in their beautiful new home office building. They chose Shaw-Walker equipment for use at every office job.

Speaking of Surety's new home office in Salt Lake City, President Ellsworth said: "Since we began using Shaw-Walker Clutter-Proof Desks, work efficiency has increased 15%."

Shaw-Walker can provide *your* offices with exactly the right equipment for your needs—everything from beautiful Carlyle executive desks (like Mr. Ellsworth's) and point-of-use files, to record protection and automation accessories. It's superbly functional equipment that pays its *cost* many times over in space, time and work economies. You can always *do better* with Shaw-Walker. Representatives everywhere.

SHAW-WALKER

Largest Exclusive Makers of Office Equipment
Muskegon 57, Michigan

To meet the individual requirements of each job, the Claims Department uses several models of Shaw-Walker Clutter-Proof Desks and Correct-Seating Chairs. Happier people who get more done is the result.

"The most practical desk organization idea I've ever seen," says Vice-President R. S. Satterfield of his Carlyle Desk.

Voice of Industry

Consumer credit: bane or blessing?

Money without leisure

Foreign steel in the next decade

The case for just tax laws

CASIMIR A. SIENKIEWICZ, *president, Central-Penn National Bank of Philadelphia.*

Dr. Jekyll and Mr. Hyde

There are wide differences of opinion about the social value of consumer credit. It may well be that, like other institutions, it has potentialities for both good and evil, depending on how it is used. It may be both a Dr. Jekyll—benevolent, dependable, trustworthy—and a Mr. Hyde, dangerous, malevolent, and slyly undermining virtues. Clearly, the rapid growth of consumer credit has played an important role in our postwar economic development. But it now seems time to ask if it is not possible to be too successful in extending its use.

In 1949, mortgages on homes and consumer credit amounted to about 29 per cent of total disposable personal income. By the end of 1959, however, the ratio had increased to the record level of about 53 per cent. As a result, consumers have had a decreasing proportion of their income available for the purchase of new goods and services.

It seems evident that this trend cannot continue indefinitely. The need for caution is perhaps greater than ever in the case of consumer credit because consumer loans still are relatively untried, particularly in some of their newer forms. My remarks, however, are intended to be cautions rather than prophecies of grief. They are directed to top bank managements responsible for the formulation and execution of credit policies, for I believe that banking can continue to prosper and remain free to run its own affairs only so long as it operates prudently in the public interest.

From a speech before the National Instalment Credit Conference.

MARION HARPER, JR., *board chairman and president, McCann-Erickson, Inc.*

Conflicting Pressures

Time and money come into conflict when there is too little of one to make satisfactory use of the other. As an example, more than 3½ million workers now hold down two jobs. But the moonlighter, like the executive, finds his ample income and limited time conflicting pressures in his life.

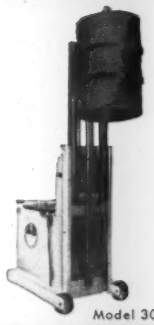
The ratio of work to leisure is a

the Right Combination...

QUALITY

"the CHALLENGER"
$397.50 complete
1500 lb. capacity
Model 1056—Battery operated

PRICE



"the DRUM HANDLER"
$890.00 complete
1000 lb. capacity
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"the TELESCOPIC 99"
$699.00 complete
1000 lb. capacity
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MORE THAN 80 BIG JOE MODELS

Hydraulic Handling for *EVERY* Department

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. . . THE RIBBON THAT DOES EVERYTHING!*

* Everything you could reasonably expect a business machine ribbon to do . . . from general typing to data processing! Whether used for manual or electric typewriters, billing machines, tabulators, wire printers or any of the newest high speed data processing machines, Columbia Silk Gauze ribbons deliver the results you want.

Silk Gauze ribbons have proved themselves through years of superior performance. They are made of the finest, lint-free silk obtainable, inked by an exclusive Columbia process. You get the sharpest, most uniform write you've ever seen. Super-strong, extra-length Silk Gauze ribbons are still on the job long after ordinary ribbons have called it a day.

For a demonstration of Silk Gauze ribbons that meet your particular requirements, call your Columbia supplier or consult the Yellow Pages.

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Columbia Ribbon & Carbon Pacific, Inc., Duarte, California

controlling factor in the size of our gross national product as well. If we should continue on a 40-hour week and maintain the productivity gains of the last ten years, by 1970 we should have a GNP of almost $858 billion. At 36 hours, it would fall to $772 billion. Thus, if we have too little work for adequate output or too little leisure for adequate consumption, conflicting pressures build up that can upset the economy. We have economists to study work and output, and perhaps we'll need other specialists—a blend of economists and sociologists, as well as poets and philosophers—to study leisure. The right balancing of work and leisure is necessary to a thriving economy.

From a speech to the Executives' Club of Chicago.

JOHN F. SMITH, JR., *president, Inland Steel Company.*

Steel from Overseas

What will the impact of foreign steel be in the years ahead? The volume of steel imports will be at a higher level than during the 1950's. Let me just state several factors which support this prediction: (1) Foreign steel prices are again expected to drop significantly below U.S. prices. (2) Foreign steel is now competitive quality-wise. (3) Mergers between Common Market steel companies may increase their productive efficiency, making them even stronger competitors in world markets. (4) Many American firms who used foreign steel for the first time during the recent strike may continue to do so. Finally, overseas producers are adopting more aggressive marketing tactics.

How do we meet foreign steel competition? Not by trade barriers, which tend to restrict our access to many

important steel-making raw materials. We must strive to hold down our costs and prices, improve our steels and our steel-making processes, and sell more aggressively. It is only through such means that we can successfully meet the challenge.

In a speech before the T.F. Club of Chicago.

J. S. SEIDMAN, *president, American Institute of Certified Public Accountants*

Taxpayers' Rebellion

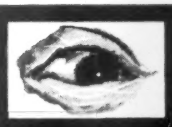
Unless we have a revolution in our tax laws, we are in for a revolution by our taxpayers. Today, good judgment takes a back seat in deciding things like where we live, what we do with our money. Taxes are the deciding factor in whether business is done or not done, whether an American or foreign company is organized, whether dividends are to be paid, whether there is a merger, sellout, liquidation. Devotion to taxes instead of to business siphons off time and energy from much more productive pursuits.

Four things are out of gear: Rates are too high; there are too many "loopholes"; the law is too complicated, and enforcement is not complete.

One possibility is to lower the tax rates. Another is to eliminate special benefits for special classes of taxpayers, since any favor done for one group means that all the others must pick up the tab.

No matter which way we cut it, our tax bill will be large because there are large domestic and world problems. But high taxes are bearable if they are equitable, understandable, and enforceable. The present tax law runs afoul of these requirements.

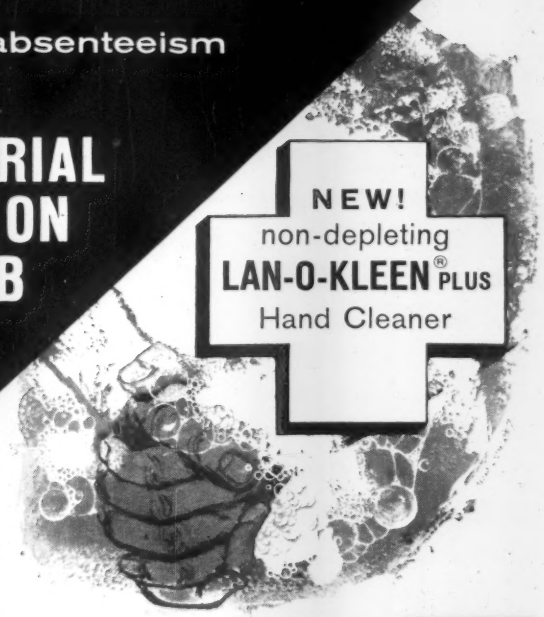
From a speech to The Economic Club of Detroit.



SEE a demonstration by a specialist

reduces absenteeism

KEEPS INDUSTRIAL HANDS ON THE JOB



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Branches in principal cities • IN CANADA: 5621-23 Casgrain Ave., Montreal

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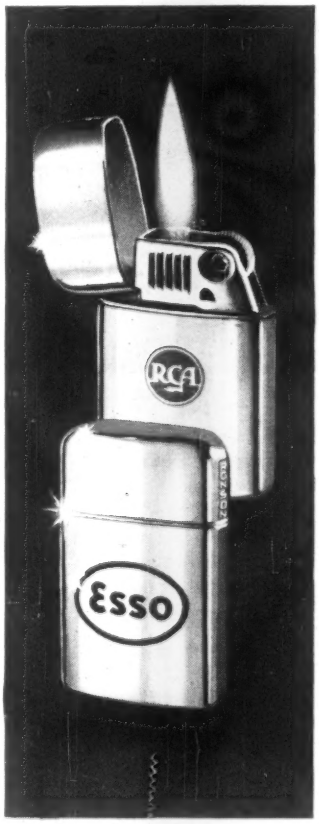

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NEW!* RONSON *SUPER WINDLITE

- Tests* Prove: New Super Windlite *stays lit* in winds that snuff out other leading windproof lighters
- Super Windlite keeps your trademark constantly in sight, in mind
- It's trim, lightweight, *built to last*

*tests conducted by U.S. Testing Co., Report #47912, Sept. 26, 1958

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RONSON CORP., WOODBRIDGE, N.J., TORONTO, ONT., LONDON, ENG.

For price and engraving information on Ronson products, attach coupon to company letterhead and mail.

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☐ Send literature on Ronson products for business gifts and premiums.
☐ Have your representative call on me.

Firm Name_____
Address_____
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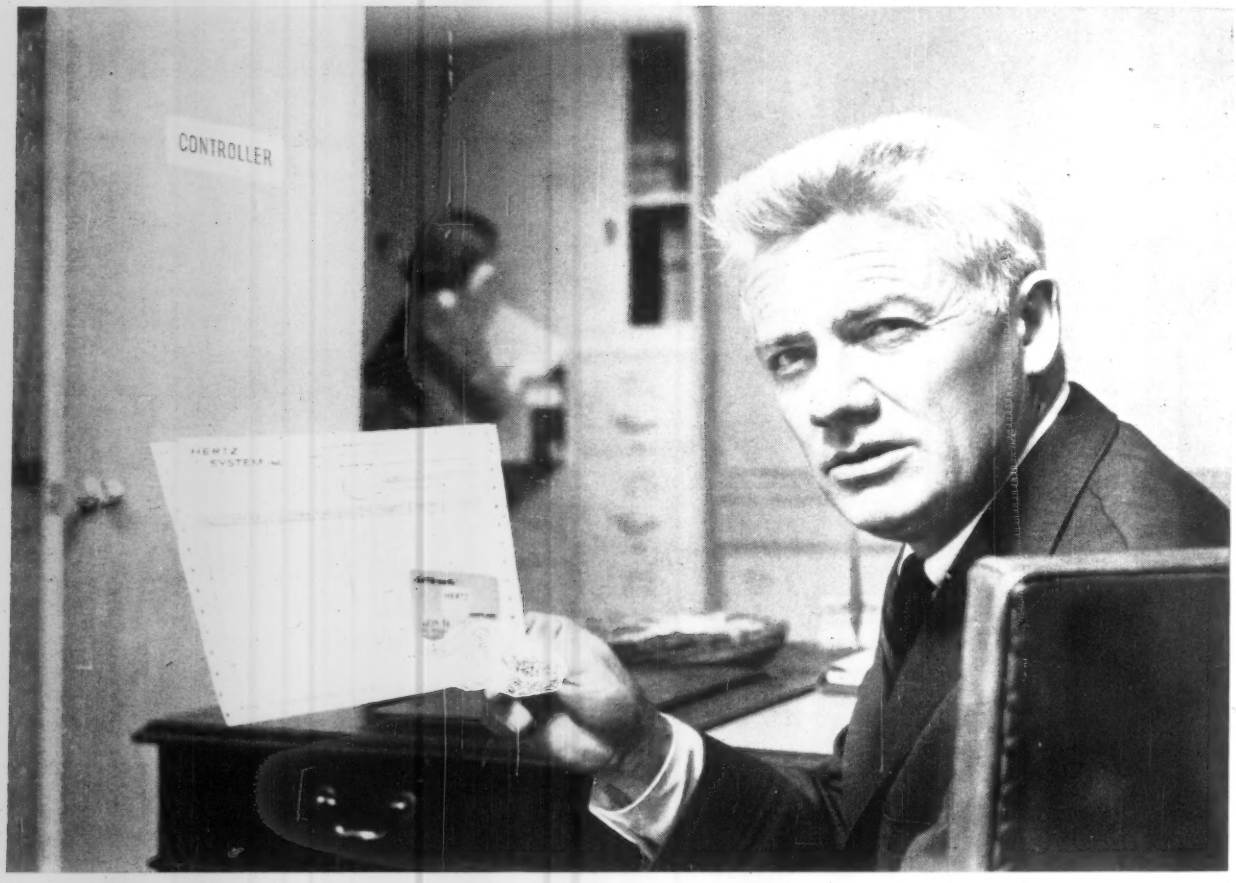
My Name_____

"Meet our new accountant! With HERTZ AUTO-matic Charge Cards we get one simple itemized bill!"



HERTZ CENTRAL BILLING means one bill, once a month no matter how many cars we rent!

"We get complete accounting control over car rentals – no matter how many employees or separate departments rent cars – because Hertz Central Billing suits *our* accounting system. Our HERTZ AUTO-matic Charge Cards speed service for our employees at Hertz counters everywhere."

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Hertz rents new Chevrolets and other fine cars

HERTZ Rent a car ®

HERTZ puts you in the driver's seat!

Send in your application for a free HERTZ AUTO-matic Charge Card today!

A HERTZ AUTO-matic Charge Card makes renting a car even easier!

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Just fill out this self-mailing application blank, drop it in the mail box—and your Charge Card is on its way!

HERTZ puts you in the driver's seat!

DR

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DO NOT USE THIS SPACE

Check this box if you want HERTZ AUTO-matic Charge Card service for your Company

Applicant's Full Name

Residence Telephone No. | Married ☐ Single ☐ Other

Residence Number & Street

Years residing at this address | Own Home ☐ Rent Home ☐ Other

City, Zone & State

Age | Ht. | Wt. | Eyes Color | Color Hair

Employer or Firm Name

Business Telephone No. | Type of Business

Business Address Number & Street

Position | Yrs. in Position | Yrs. with this company

City, Zone & State

Annual Income: Under $5,000 ☐ Over $5,000 ☐ Over $10,000 ☐

Checking Account Reference Bank Name

Account Number

Branch or Street Address | City | State or Province

National Credit Card—Co. # | Expires

National Credit Card—Co. # | Expires

Driver's License—State # | Expires

Present HERTZ Card No. | Enclosed ☐ Lost ☐ None ☐

Please issue HERTZ AUTO-matic Charge Cards to me and those named at right for which I assume full responsibility.

Signature | Date

MAIL CARD and BILLS TO

Residence Address ☐ Business Address ☐

Issue additional cards for the following individuals with all charges to be billed to my account.

Wife:

Other:

Send in your application for a free HERTZ AUTO-matic Charge Card today!

A HERTZ AUTO-matic Charge Card makes renting a car even easier!

NO POSTAGE REQUIRED!

Just fill out this self-mailing application blank, drop it in the mail box—and your Charge Card is on its way!

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No Postage Stamp Necessary If Mailed in the United States

BUSINESS REPLY MAIL — First Class Permit No. 35325, Chicago, Ill.

HERTZ RENT A CAR
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Postage Will Be Paid by Addressee

. . . FAST, UNIFORM PROCESSING — 1965 . . .

CAMBRIDGE METAL-MESH BELTS are the answer to the big problems you'll face in the competitive 60's—tighter operating costs, higher production and consistent quality.

Continuous movement of foods, metal parts, ceramics or chemicals on Cambridge Belts through processing operations speeds production and eliminates costly manual handling. Open mesh construction allows heat, cold or liquids to flow through the belt and around the product for thorough, uniform treatment. Superior belt design and manufacturing techniques mean longer life, fewer repairs, lower operating costs.

Belts can be made heatproof, coldproof or acidproof — in any mesh, weave, metal or alloy — with any side or surface attachments.

Have your Engineering Department call the Cambridge Field Engineer in your area. He'll be glad to discuss any aspect of Cambridge Belts — from manufacture to installation and service. He's listed in the yellow pages under "Belting, Mechanical". Or, write for FREE 130-PAGE REFERENCE MANUAL.

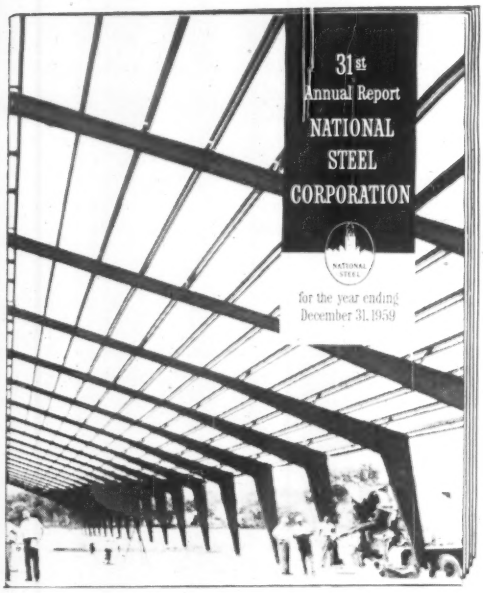
The Cambridge Wire Cloth Co.

Department Y • Cambridge 5, Md.

Manufacturers of Wire Cloth, Metal-Mesh Conveyor Belts, Wire Cloth Fabrications

NATIONAL STEEL REPORTS

on 1959 and the Future



National Steel's sales in 1959 approached the three-quarter billion-dollar mark and set a new high record. Net earnings—approximately $55 million equal to $7.28 per share—were exceeded in only one other year.

These results were achieved despite handicaps imposed by the long steel strike and, in the words of Chairman George M. Humphrey and President Thomas E. Millsop in the Annual Report:

"This is a practical demonstration of the marked increase in efficiency from the new and improved plants and facilities on which we have expended hundreds of millions of dollars in recent years."

Other 1959 highlights:

Production of 5,300,000 tons reflects an operating rate of 76% of capacity compared with an average rate of 63% for the steel industry as a whole. An important factor was continuance of operations throughout the strike at the Weirton Steel division which has a 27-year record of production without interruption by labor difficulty of any kind.

Employee compensation at a record high with total payments for wages, salaries and benefits of approximately $220 million.

The $300 million expansion program—somewhat delayed by the strike but now going forward at full speed and still scheduled for completion in 1961. Major elements of this great program:

. . . for the Midwest Steel division an entirely new steel finishing plant in the Chicago area to produce tin plate, galvanized steel, hot- and cold-rolled sheet and strip.

. . . for the Great Lakes Steel division in Detroit, the 80-inch "Mill of the Future" which will be computer controlled and the finest, fastest, most powerful hot strip mill ever built—plus a substantial increase in ingot capacity.

. . . for the Weirton Steel division at Weirton, West Virginia, and Steubenville, Ohio, improvements and additions to increase the production and further improve the quality of tin plate and cold-rolled sheets.

Property additions amounted to $47 million in 1959. The remaining cost of construction, authorized and uncompleted as of December 31, 1959, amounts to approximately $250 million.

A new Research Center, scheduled for completion early in 1961, will provide expanded facilities for the continuing program of research and development.

New Products—columbium-treated steels, low alloy, high strength steels, a new type of galvanized steel—scored important production gains, reflecting increasing demand from customers. New lines of pre-engineered buildings in a broader range of beautiful factory-applied colors were introduced by the Stran-Steel division and a new plastic-coated product was developed by the Enamelstrip division.

For the future, Chairman Humphrey and President Millsop say:

"We look forward to the real benefits of our construction program which will begin to be felt in 1961 and which, we are confident, will make a significant contribution to the improved position of National Steel Corporation."

1959: A SUMMARY

	1959	1958
Net sales	$736,978,650	$539,957,294
Net earnings	$ 54,897,360	$ 35,727,414
Net earnings per share	$7.28	$4.80
Total employment costs	$219,991,506	$182,223,804
Total dividends paid	$ 22,522,643	$ 22,298,906

We will be glad to send you a copy of our 1959 Annual Report on request.

NATIONAL STEEL CORPORATION Grant Building, Pittsburgh, Pennsylvania

Major divisions: Great Lakes Steel Corporation • Weirton Steel Company • Midwest Steel Corporation • Stran-Steel Corporation
Enamelstrip Corporation • The Hanna Furnace Corporation • National Steel Products Company

New "Sav-a-Step" control bar takes one-touch totals and sub-totals

New one-touch control lets operator take totals or sub-totals automatically on one split motor bar. Greater speed, accuracy, and convenience.

Automatically prints subtractions, credit balance in red. Symbols are extra large, easy to read. New contour keys are easy on your fingers. Whisper-quiet operation. Electrified correction key gives instant, one touch clearance.

Dramatic new styling in modern brown and sand tone color. The 1960 Premiers are precision-built for years of trouble-free service. 10 key or full keyboard, hand or electric. Sensibly priced, too! See the new Premier and Victor's other 1960 model adding machines and printing calculators.

VICTOR
business machines
Victor Adding Machine Co., Chicago 18, Illinois

Victor Adding Machine Co., (Canada) Ltd., Galt, Ont. Manufacturers of Business Machines, Cash Registers, Business and Industrial Systems, Electronic Equipment, Electri-Cars.

MADE IN AMERICA

See the Adding Machine section in the Yellow Pages for nearest Factory Branch or Dealers. Or mail coupon today!

Find Your Nearest Dealer in the Yellow Pages

Victor Adding Machine Co., Dept. DR-560
Chicago 18, Illinois

Please send new four-color brochure on your new 1960 Premier Adding Machines.

Name_____

Firm_____

Address_____

City_____ Zone_____ State_____

This modern lamp shade may be the final touch . . . but the beginning touch-of-taste was made when your All-Steel furniture came.

ALL-STEEL EQUIPMENT Inc., Aurora, Illinois

Desks • Chairs • L-units • Credenzas • Tables
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Sign, cancel and endorse

checks easily, speedily, with a Tickometer

Rubber stamping checks by hand is slow, time consuming, monotonous. Many companies now use a Tickometer, which is eight times faster than hand stamping. When the job is done, the plates can be stored for safekeeping.

- Check stamping is only one of a score of Tickometer applications that save time and work.
- The Tickometer is also an amazingly precise counting machine—and so accurate banks use it to count currency. It records part as well as full totals, can be set for a predetermined count.
- Equipped with a rubber mat, type slug or electro, the Tickometer can imprint, mark, stamp, cancel, code or date—labels, tags, tickets, coupons, forms, stickers, etc., from 400 to 1,000 items a minute. With attachments, it can do consecutive numbering. It handles most standard weights and finishes of paper, or light card stock and many plastics, in sizes from 1 by 2 inches to 15 by 15. It is easy to set and operate, feeds and stacks automatically, can be used by anybody.
- A Tickometer is a great convenience, and a real time saver in even a small office. It can be leased as well as bought. Pitney-Bowes service is always nearby, from 304 points. Ask the nearest PB office to demonstrate the Tickometer in your office, no obligation. Or send coupon for free illustrated booklet and case studies.

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Made by the originator of the postage meter . . . offices in 133 cities in U.S. and Canada.

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Stamford, Conn.

Send Tickometer booklet and case studies.

*Name*_____

*Address*_____

Close Cooperation with New Industry sells H. K. Porter Co., Inc. on VIRGINIA

H. K. PORTER COMPANY'S new Disston Division plant at Danville, Virginia, contains 155,000 sq. ft. with working space for 350 to 500 employees. Site covers 20 acres with another 70 acres for possible expansion.

EVERY STEP OF THE WAY . . . from initial contact to opening of plant . . . was marked by close collaboration between the company, civic groups, public utilities. Porter officials were shown 18 sites in the area before making final choice.

"WE ARE EXTREMELY SATISFIED with the personnel that we have been able to employ in the Danville area," says Disston Division. "The Virginia State Employment Office was most cooperative in setting up our pre-employment testing."

The Disston Division of H. K. Porter Company, Inc., has long been recognized as a leading manufacturer of hand and power tools. For its new plant, Porter needed 20 acres on a major highway . . . 3,300 horsepower load of electricity . . . 400,000 gallons of water and 83,000 cubic feet of gas per day.

These requirements could have been met in many states. The deciding factor in favor of Danville, Virginia, was community cooperation. City officials met every possible request. Local banks helped in financing the plant. The records of other Danville employers were made available. Civic groups supplied Porter executives with kits of data on housing, cost of living, recreational and educational facilities, weather . . . even down to marriage laws!

Summing up their choice of Virginia, a Porter official said, "... good location for distribution of our products, favorable plant site, adequate labor and an extremely receptive community."

Find out why so many companies are locating in Virginia. Phone, wire, write, or visit in complete confidence . . .

C. M. Nicholson, Jr., Commissioner
Division of Industrial Development
Virginia Dept. of Conservation and Economic Development
State Office Bldg., Richmond, Va.
Phone MIlton 4-4111 Ext. 2255

You, too, can find these... and many other great competitive advantages in **VIRGINIA**

... a wonderful place to play or work

Just feed documents into new Recordak Portable microfilmer and they're photographed and returned in sequence

Get your bills out 4 times as fast!

Here's a billing short cut with Recordak microfilming that every business can use!

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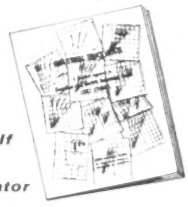

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DUN'S REVIEW
AND MODERN INDUSTRY
May 1960

EDITORIAL

A Sense of Values

SHADRACH, Meshach, and Abednego were thrown into the fiery furnace of the King of Babylon because they refused to pay homage to a false idol. According to Daniel the prophet, they came through the ordeal unscathed. Occasionally leaders of industry and labor, and political evangelists, dig into the discard and set up refuted doctrines with a fresh coat of gilt and a new gospel of economic hokum. There are always those who will readily listen to glib talk of short-cuts to profits and prosperity. But the Shadrachs, Meshachs and Abednegoes refuse to fall for the tinseled logic of the "something for nothing" school of business philosophy. They know that the basis of any healthy economy is productivity, thrift, and personal responsibility. There is no other way.

Yet we Americans today are none too eager to test our economic faith in the ordeal of mental and physical sweat. We are now obliged to compete with friends, neutrals, and potential adversaries who have recouped their strength. They are determined to reduce, through growing exports, the differential between their living standard and our own. This means that we shall have to re-examine our principles and motives in terms of hard work and hard sell.

Wealth is created and recreated, but precious little is inherited as a physical thing. All the rubies of India, the diamonds of South Africa, and the emeralds of Colombia are crumbs compared with the wealth that is renewed each year in the farmlands of the world, or with the productive capacity of men's minds, muscles, and machines. These are the basis of wealth in the vital terms of credit, industry, and trade, all servants to a world community. The only riches we inherit are the principles on which our free enterprise system is based.

We in America, well endowed with the itch for adventure as well as for gain, have added to the world's store of "know-how" which reduces drudgery, creates new sources of goods, and facilitates transport and communication. Our posterity will benefit by these gifts. But what have we learned of the fundamental principle of cause and effect?

Rome perished when her citizens became a nation of tax gatherers and slaveholders, and the slaves eventually took over a morally and financially bankrupt empire. In America, our slaves are machines. But they will serve us no better than our conscience serves the commonweal. Technology must be bridled to a purpose, with a proper balance of freedom and restraint. Technology is no substitute for the will to work and serve.

Management, labor, and government must again and again submit to the ordeal which tests our faith in competitive enterprise. Working for a living means sweating out the basic objectives of life—none of which permits or justifies the philosophy of "something for nothing." Life's values, like wealth, are recreated each day in affirmation and determination—and most of life's pleasures are the by-products of this daily adventure.

Alpert of Loral

"Diversification of technical talents is essential to profitable operation in today's defense market."

Bergen of Martin

"Doing business with the Government is a specialty. A company can no more dip into defense business than make beer cans one day and bread the next."

Blackstone of Servo

"Get big! Bigness is essential to success in defense business."

DEFENSE BUSINESS | Is it worth the effort?

TWENTY billion dollars a year and growing steadily! That's the defense market, the largest single outlet for hard goods in the world, one so huge that seemingly no manufacturer could ignore it.

Yet thousands of companies are ignoring it. And hundreds more are withdrawing from it—getting out or shrinking their defense business as gracefully as can be managed. They are abandoning this giant market to a handful of large manufacturers—and a sizable group of small and medium-size manufacturers who have not only learned how to survive in this tough business but actually make a steady, often handsome, profit from it.

To appreciate the success of certain companies, you must first take a look at the many hurdles they have to jump along the way:

- *The high cost of bidding.* As weapons become more complex, technical proposals and bids—even on subcontracts—take longer to prepare and are more complicated. An extreme example is the 50 technical presentations that the Radio Corp. of America gave over a one-year period before it was awarded the contract for BMEWS, the ballistic missile early warning system. Companies are learning to curb expenses in this area, however, by bidding on fewer contracts, where success is more probable.
- *Sudden cancellations or "stretch-outs."* With so many projects competing for defense dollars, some technically feasible and very worthy projects are bound to be cancelled or "stretched out," which is often a prelude to cancellation. To cope with this eventuality, many companies maintain "intelligence" groups, one of whose functions is to try to predict trends in military procurement. Knowledge of these trends may keep officials from bidding on contracts that are likely to be cancelled in favor of more advanced projects. Another safeguard is sensible diversification within the defense market.
- *Low profit margins.* Defense business isn't noteworthy for high profits, especially in relation to sales. However, return on investment can often be excellent—even spectacular. Profits on proprietary items sold to the military can also be high, according to Arthur M. Cohen, president of the Electric Regulator Corp., Norwalk, Conn. New regulations to reward defense contractors for particularly good performance by allowing extra profits as incentive should also improve the profit picture.
- *Renegotiation.* This is not so severe a problem as it used to be. Changes in the law now permit consideration of a company's profits on *all* defense business in a given year, instead of its profits on a specific contract. If a company foresees excessive profits on one contract, it can try to balance things off by bidding low on another smaller contract—which, however, is a tricky business.
- *Slow payments.* Although new regulations do call for mandatory regular progress payments from primes to small subcontractors under certain conditions, slow payment is one of the things a defense contractor has to learn to live with, along with changes in specifications, excessive red tape and paperwork, threats of appear-

ances before Congressional committees, and annoying security rules.

• *Loss of proprietary rights.* Under some contracts the Government takes title to all patents that result from performance. Contractors oppose this on the grounds that inventions resulting from defense R&D contracts are largely based on the company's prior experience in the field.

DUN'S REVIEW editors interviewed the top executives of representative small and medium-size manufacturers that find that defense business is worth the effort. Here's how four such companies operate successfully in today's defense market:

Loral gains primes

Although Loral Electronics Company, Bronx, N.Y., is growing very fast ($17 million in sales in 1959 and over $30 million projected for 1960), it is still a baby beside such defense business giants as General Dynamics and Lockheed. Nevertheless, Loral has been steadily garnering prime contracts at a time when they are growing scarcer. The key to this success, according to Leon Alpert, chairman of the board and chief executive officer, is developing advanced R&D skills in special but growing areas. Electronic counter-measures and antisubmarine warfare are Loral's specialties. It is diversifying into other crucial fields, though, on the basis of its intimate knowledge of the military's future needs.

Loral has scant difficulty keeping up with defense needs and plans. Anywhere from 25 to 50 of its representatives and engineers (out of a total of 200 engineers) are out of the shop on any given day talking to military men and procurement officials. Instead of waiting until the military asks for proposals on a new weapons system, Loral often beats its competitors to the punch by making an unsolicited proposal. To maintain this position, Loral has an advanced planning group of idea men.

After executing the R&D phase of a new system, Loral can often get the more lucrative production phase on a negotiated basis because the equipment is needed immediately. When the military needs gear in a hurry, it can't afford to waste months calling for bids.

At the moment, 95 per cent of Loral's business is in negotiated prime contracts, leading to a "handsome" return on investment. Most of the subcontracts, Alpert says, came to Loral at the direction of the military.

Where to Get Help

In addition to all the Governmental sources of information on defense contracts, some non-Governmental organizations offer valuable aid on the management of defense business. These include:

- The American Management Association, 1515 Broadway, New York 36, N.Y.
- The Electronic Industries Association, 1721 Desales Street, Washington, D.C.
- The newly organized Government Contracts Management Association, 425 Park Avenue, New York 22, N.Y.
- The Government Contract Newsletter, 15 East 40th Street, New York 16, N.Y.

Cues from Brunswick

Despite the present difficult transition period in defense contracting business, the Defense Products Division of Brunswick - Balke - Collender Company, Muskegon, Mich., is going to expand its position in the defense market—and Henry Jacobi, division president, anticipates that the "very satisfactory" ratio of profits to investment will continue. Practically all Brunswick's defense business is in subcontracts and Jacobi expects to remain mostly in subbing.

Primarily a supplier of structural parts for aircraft and missiles, the division is banking on a greater investment in R&D and on its technical ability and established military sales force to keep up the flow of defense business, at a time when many prime contractors are pulling back subcontracts into their own shops.

Particularly in subbing, selling is essential, Jacobi believes, and the division has a nation-wide network of regional representatives. What counsel does he offer other companies eager to obtain subcontracts? Jacobi says it's best to depend more on your ability to "advance technology" than on production capacity or skill if you hope to win the respect of primes.

Servo is permanent team

"Get big!" is the advice Henry Blackstone, president of Servo Corp. of

What's Different about the Defense Market?

Here, as defined by John H. Richardson, director of Marketing at Hughes Aircraft Company, are the major characteristics of the defense market that any supplier must reckon with:

Wide fluctuations: The volatility of sales in the defense market far exceeds that of non-defense markets.

Mammoth size: It accounts for some of the largest spending in the entire U.S. industrial complex.

Growth rate: Since the end of World War II, the military market has grown at a compound rate of 11 per cent each year. It is now, however, more stable, and—barring extensive disarmament—should grow at a rate of 3 per cent per annum.

Changing product mix: Electronics and propulsion have replaced airframes as the main segment of the market, and research expenditures are rapidly increasing in proportion to production expenditures.

Technological pace: Its speed of change is unparalleled in an era of unprecedented technical evolution. The defense contractor must keep ahead of—not merely keep up with—the times.

Lack of contract continuity: The big risk in defense business arises from inability to maintain a *continuity* of contracts. Investment, expansion, increased employment may be for one project only.

Specialization: Because of the exacting military performance requirements, the defense contractor cannot readily adapt or divert to products of less exacting performance for commercial sale.

Hot competition: Well-managed, capable companies are now clamoring to do defense business. No longer do a few organizations have a corner on any segment of military technology.

Are Subcontract Opportunities Decreasing?

Some executives of smaller manufacturing companies have bitter complaints about the big prime contractors. They say that:

- The primes do not let subcontracts as frequently as they used to.
- They are more likely to give a subcontract to another big company instead of to a smaller organization—in 1959, the top 20 defense contractors gave $1 billion worth of subcontracts to each other.
- They are setting up subsidiaries to which they give subcontracts that formerly went to independent companies.

The big prime contractors disagree. They insist that they have no intention of squeezing the small companies out of defense business. It's the changing times, they say, that have brought about a change in the subcontract situation.

Fewer subcontracts are necessary today, says William B. Bergen, president of the Martin Company, which builds the Titan. Missiles have fewer parts than aircraft and production runs are much shorter.

An executive of another big defense contractor points out that on certain huge projects, the subcontracts are so large—running into hundreds of millions of dollars—that they can only be handled by giant companies with a broad range of facilities.

And Bergen adds that many big contractors were forced to set up electronics and other facilities when they could not find subcontractors who would meet performance requirements.

Many prime contractors encourage subcontracting. Some have no choice if they are to handle the large contracts.

Despite the trend toward bigness, many defense contractors believe there are still opportunities for the smaller manufacturer who wants to enter the defense market via subcontracting.

America, gives small and middle-size manufacturers who want to be successful in defense business. Since sales of his Long Island-based company are only $5.6 million a year, Blackstone's application of his own advice has been to promote National Electronic Facilities Organization, Inc., a seven-company joint venture with total annual sales of $60 million (see "Profitable New Look in Joint Ventures," DUN'S REVIEW, September 1959).

Although NEFO hopes to gain some big commercial systems business, its *raison d'être* is to acquire defense contracts. Blackstone says that NEFO includes the broad range of managerial and technical skills needed to match the capabilities of the big companies that get substantial prime contracts. And because it is a permanent organization in which each participant knows his partners well, he believes it offers special advantages over groups of companies that are only temporarily allied for the duration of a particular contract.

The NEFO way of "becoming big" is not unique. Recently a group of industrial organizations in northeastern Ohio set up a similar arrangement called the Cleveland Aero Space Association, Inc. CASA, as it is known, is a non-profit corporation in which sixteen manufacturers, one laboratory, one engineering firm, and a power company participate.

Olympic shows good score

Although it is the biggest of the eight parts of a corporation grossing $80 million in annual sales, the Olympic Division of the Siegler Corp. has been teaming up with independent small and medium-size companies to "act big" in the defense market. So far, Olympic has participated in four team bids. One, the biggest of the lot, was successful—not a bad batting average in this highly competitive market.

Olympic's management considers the team concept only one of its approaches to defense business. According to Dave Gerstein, vice president for Government/industrial sales, not all military procurement officials favor the team approach. Gerstein ascribes part of the division's success to the fact that with 75 per cent of its sales in the civilian market, it can do much more picking and choosing among defense contracts than a company wholly dependent on defense business.

Gerstein is not so pessimistic as Blackstone on the chances of smaller companies' breaking into the defense market. He would recommend it if the company is sure it has some unique engineering know-how and is financed "to withstand a year's malnutrition."

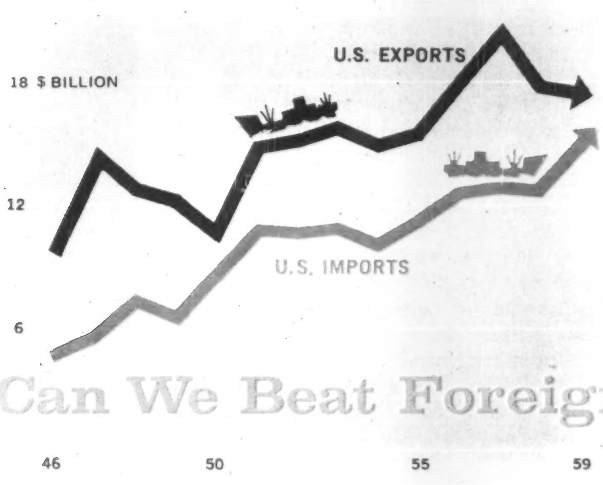
The picture of the defense market that emerges from the interviews with these knowledgeable executives reveals no magic key for acquiring and executing defense contracts successfully. But it does suggest the wisdom of making certain special efforts:

- *Advance planning*—further ahead than for any other business. General Electric Company, for example, has a 150-man group working on the defense needs of 1965 to 1980! And the smaller company must plan to make a proportionate investment in ideas.
- *Intelligent selling*—based on analysis instead of social graces, the old school tie, or personality. Remember that if a company fails to please procurement officials, there aren't any alternate customers available in the defense market.
- *A heavy investment in technical skills*—for example, half of GE's technical staff work in its defense divisions, which account for only 20 per cent of sales volume, a lesser share of profits.
- *A skillful bidding team*—a "key" element on which many small subcontractors fall down, says H. F. Alfery, president, Erie Manufacturing Company, Milwaukee, Wis.
- *Diversification*—an essential added to all the usual demands of manufacturing if you want to make a profit in defense business.
- *Avoiding crutches*—pull in Congress, employing retired military officers, currying favor with procurement officials.

When a company makes this particularly demanding effort, it has a fighting chance of making a good profit, an outside chance of a spectacular return on investment, and fair prospect of losing its shirt—a prospect, however, which is not limited to the defense business.

Whatever decision a company makes about doing defense business, top executives should always keep in mind what one old hand has said: "In defense business, you have less control of your destiny than in any other segment of American industry." But he is still placing bids with the Pentagon and taking all the contracts he can get.

MELVIN MANDELL



A PRESIDENTS' PANEL REPORT

How Can We Beat Foreign Competition?

Last year we imported $15 billion worth of goods—largely from low-wage, low-cost countries. . .

What will happen to the American economy if the present trend of increasing imports continues?

What do heads of leading U.S. manufacturing companies plan to do to keep their place in the U.S. market?

THE freighters are putting in at U.S. ports laden as never before. Machinery from Western Europe and Japan. Cotton goods from Hong Kong. Autos from Germany, England, Italy, and France. Typewriters, machine tools, instruments, electronic equipment, toys, chinaware, radios, plumbing fixtures, carpeting—and countless other products.

For years America's business leaders have watched overseas manufacturers sharpen skills and raise productivity. They have seen more and more foreign goods pour into the United States, seen our margin of exports over imports shrink, seen—and in many cases experienced—the effects on U.S. producers.

They are no longer just concerned. They are apprehensive.

In the next five years, say 95 per cent of the men on the DUN'S REVIEW Presidents' Panel, foreign competition will definitely grow worse. And to many that is taking a mild view: almost 40 per cent of them expect it to become a very much more severe problem than it is now.

How do the men who head 175 of the nation's leading companies think we should counter the foreign inroads into American markets? What will happen to the economy if, as they prophesy, imports continue to rise? What gives the overseas competitor his present advantage? And how are these leaders planning to meet the competition in their own fields?

The surveyed Panel presidents head corporations with total assets of more than $23 billion and total annual net sales of more than $32 billion. Their average company operates more than fifteen domestic plants, employs some 10,000 workers, and may produce anything from cereal to computers.

And they know foreign competition at first hand: Some 63 per cent of them are fighting it right now.

The Outlook: Disturbing

How do they think it will affect American business, and the nation as a whole?

- Increasing imports, they say, are going to unsettle America's economy. Nearly two-thirds of them think that one of the major effects will be lower profits for U.S. manufacturers.
- Another effect will be to drive investment capital overseas, according to 72 per cent of those queried.
- Two out of five predict that the ranks of the unemployed will swell as imports rise.

In the words of J. C. Travis, president of Handy and Harman: "The major effects will probably be greater investment abroad by businesses in the United States. Other results will be stricter cost control and price stability in this country—both will be an economic necessity. We will also have to spend more for research and development programs. Higher tariffs and increased use of quotas may well result, but they can be harmful if they become permanent."

Although more than half of the Panel members think that the Government should take specific action right now to hold U.S. markets for U.S. industry, only 30 per cent believe that either the Administration or Congress would support higher tariffs or quotas.

A total of 34 per cent, however, would like to see more protectionist safeguards erected.

Many corporation chiefs oppose

them on principle. "We're going to see a lot more imports," O. William Carpenter, head of the Chain Belt Company, declares. "But tariffs and quotas are no longer solutions in an 'international' world."

A statement from the chief of a big textile firm—"Foreign competition causes a very serious loss of jobs; only quotas on textiles can solve our problem"—is typical of the strong feelings of those who disagree. Another top executive believes that in fairness the Government should "recognize wage differentials between the U.S. and other countries in those industries where they make us non-competitive. In such industries, some form of tariff or quota protection may be an actual necessity." William H. Ruffin, president of Erwin Mills, puts it even more strongly: "This country's present foreign trade policy adds up to the exporting of American jobs."

Most of the Panel members who want Government action do not advocate a reversal of free-trade policies. They believe that a more favorable attitude toward business, concrete steps to halt inflation, and legislation to break union monopolies would provide better insurance against the threat from overseas.

The Panel members whose products are already being challenged—though not as yet hard-hit—by foreign goods report that, on the average, imports are taking about 7 per cent of the market to which they sell. If the present trend continues, they add, this percentage will just about double by 1965.

What has given the foreign producer such a slice of the American market? Four out of five of the Panel members agree that the main reason is because he can make products cheaper, ship them at less cost, and sell them on Main Street at lower prices than the local manufacturer can. Nearly half mention lower manufacturing costs in general as the main advantage the overseas competitor enjoys, but the vast majority single out one thing above all others—wages.

"Lower labor costs, coupled with low ocean freight charges, less overhead, and foreign government export subsidies"—these are the major factors that Ralph K. Gottshall, president of the Atlas Powder Company, lists when asked what enables foreign producers to increase their sales in the American market.

"They have modern equipment, they've gained technological competence, they are united economically—and they have much cheaper labor," says Dr. W. G. Malcolm, president of American Cyanamid Company.

Dissent on wages

Low wages have for many years been tagged by business observers as the major advantage of foreign producers. But a number of economists and bankers have pointed out that the question of labor costs is highly complex. Most employers in foreign countries pay higher "social charges," proportionally, than the U.S. requires. Productivity abroad is often considerably lower, and the raw labor costs may be offset by many factors—a tendency to use more of the available cheap labor rather than more machines, higher material and capital costs, higher energy costs. And in Europe particularly, unions are becoming more aggressive and demanding.

Yet even with a narrowing wage advantage, foreign competitors are winning customers in the United States as they never have before, and business leaders agree that American industry must rouse itself.

Certainly, President Eisenhower's 1960 Economic Report held out little hope that stronger tariffs, quotas, or

Small Manufacturers Sound a Warning

Foreign competition—a threat or challenge to the large manufacturer—holds far more immediate and serious consequences for many smaller companies. Here is what the presidents of smaller American industrial firms expect from foreign competition, and how they plan to meet it—as revealed in their answers to a special DUN'S REVIEW survey mailed to a random selection of 300 manufacturers with annual net sales of $4 to $10 million:

The heads of these smaller corporations overwhelmingly agree that foreign competition is going to get more serious in the next five years. In their expectations and their opinions, they generally concur with members of the Presidents' Panel—with some notable differences in the kind of Government action they advocate and in what they themselves plan to do to counter the appeal of foreign-made products.

Ninety-five per cent believe competition from overseas will become more serious or much more serious during the next five years.

Almost three-fourths think this will lead to a decrease in profits for American manufacturers.

About 60 per cent say it will mean unemployment.

Fifty per cent point to increased investment by U.S. manufacturers overseas.

But only 5 per cent recommend overseas investment as the means American industry *should* use to recoup the profits it will lose.

Fully a third believe the rising import of goods will force increased use of quotas and tariffs.

Sixty per cent say the Government should take immediate steps.

Half of those who want Government action call for increased use of tariffs and quotas.

The presidents of smaller corporations believe that industry in general can meet foreign competition most successfully by holding the line on wages, improving quality and service, cutting costs, and stepping up research and development.

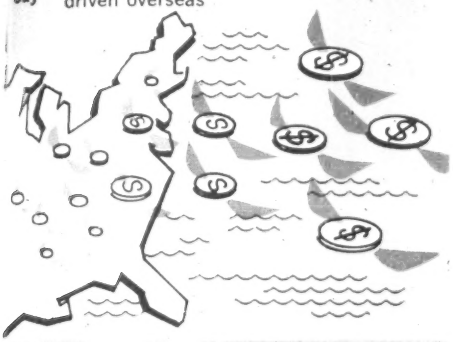
And they are taking their own advice. Without the resources of a large company, most of them aren't considering investments abroad as a way for their own companies to counter-attack the foreign goods nudging into their U.S. markets.

Of those who are taking steps or making plans aimed at fighting foreign competitors, only 6 per cent mentioned present or potential foreign operations. But 65 per cent said they were looking to increased efficiency, new products, automation, and greater production.

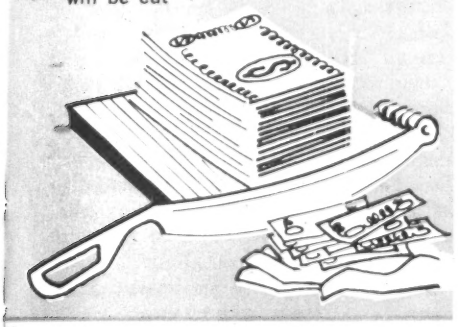
The Shape of Things to Come?

Here's what the Panel presidents foresee happening in the next five years as a result of foreign competition in U.S. markets.

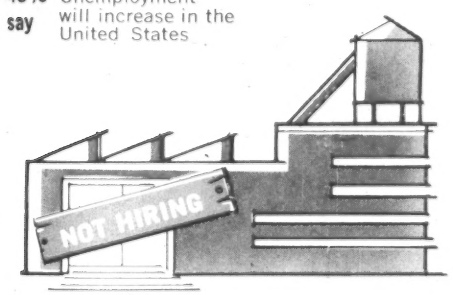
72% say More U.S. investment dollars will be driven overseas



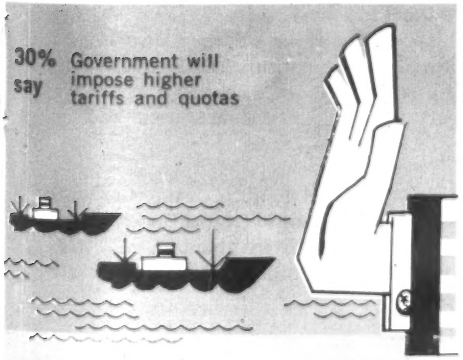
63% say Profit of American manufacturers will be cut



40% say Unemployment will increase in the United States



30% say Government will impose higher tariffs and quotas



similar measures would be proposed to protect it. He did, however, urge "stronger efforts . . . to expand United States exports of goods and services," a sort of "they'll sell here and you'll sell there" approach. (See "International Markets," page 109.)

The President's exhortation was a sign of the Federal Government's own concern about foreign competition. From 1950 to 1958, the U.S. spent an average of about $1 billion a year more overseas than other countries spent here. This included military aid, foreign aid, investments, and payments for imports. But during the past two years, the gulf between our expenditures abroad and those of other nations in this country suddenly widened. In 1959, what with aid, investments, payments for imports, and the $2.3 billion Americans paid for travel abroad, the U.S. was left spending a record $3.702 billion more overseas than other countries spent here.

Import-export ratios

In part, this situation arose from the changing balance of trade. American exports in 1957 totaled more than $19 billion. Imports were $13 billion, leaving a total favorable balance of some $6 billion. But by 1959, imports had jumped to more than $15 billion, exports were down to between $16 and $17 billion, and the favorable balance was only about $1 billion.

The Administration is hopeful that because of shifts in demand and supply, the rate of increase of total imports will slow down considerably this year from what it was from early 1958 to mid-1959—and that our exports will pick up to an appreciable degree in the years ahead.

The corporation chiefs surveyed, however, expect that exports of their own companies' U.S.-made products will decline during the next five years: they send abroad, on an average, about 4 per cent of their production now, think this percentage will fall to 3.2—a drop of about one-fifth—by 1965.

They are, though, interested in seeking for their own companies the advantages their new competitors enjoy, and close to 40 per cent of the presidents—all heads of large corporations—report they plan to launch more foreign operations: licensing arrangements, new plants and expanded facilities abroad, joint operations with overseas manufacturers, and purchase of foreign concerns.

Almost half of them already import foreign products or components themselves. And approximately 40 per cent more plan to increase or initiate such importing within the next five years.

But the label "Made in USA" is unlikely to go the way of the cigar-store Indian. More than half the Panel Presidents look to increased efficiency at home as the prime way to beat foreign competition—and they are confident it can be done, both in their own companies and in the nation at large.

"We're going to do it with fierce efficiency," one determined Panel member vows. Part of the effort will be stronger emphasis on R&D, better production techniques, new products. "We think research and development makes more sense than going abroad to manufacture," says George S. Case, Jr., head of the Lamson & Sessions Company. "If every American manufacturer went abroad, where would we get the purchasing power to buy the products?"

The president of a large textile company adds, "We cannot with good conscience import foreign-made products. The jobs of our employees are at stake."

Many-pronged defense

The majority of the Panel sees the battle against foreign competition as one that must be fought on many fronts. The chief of a consumer products company points out that with a balanced budget, taxes could be reduced and there would be greater investment in the U.S. than overseas. The head of a food processing concern that does more than $150 million in annual net sales says:

"American industry will have to be far more resourceful. The United States will have to increase exports. Production costs must be cut. The wage push upwards must be slowed. General inflation must be curtailed."

There is no doubt that to a nation which for so long has held first place in technological development, first place in selling techniques, first place in production know-how, the impact that foreign manufacturers are making on our own domestic markets has been a rude shock, as startling as a bucket of cold water thrown over a drowsy giant. But, as the survey indicates, the giant is wide awake now, flexing his muscles—and facing the facts of foreign competition with renewed vigor. —JOSEPH R. MARSHALL

Secretary Mitchell Speaks His Mind

JOSEPH R. SLEVIN

We must keep Government interference to the minimum, Secretary Mitchell believes. Yet he stepped in to help end the long steel strike, he strongly supports a rise in unemployment compensation, and he administers the first labor reform act in the nation's history . . .

SECRETARY of Labor James Paul Mitchell believes that the benefits of rising productivity should be shared among consumers in lower prices, stockholders in larger dividends, and labor in higher wages. He has a special stake in the course of steel prices, since he joined Vice President Nixon in proposing last January's settlement, widely denounced at the time as an abandonment of the anti-inflation campaign. A rise in the price of steel will be considered proof that the charge was justified.

"Will you still consider the steel contract a good agreement if prices go up later this year?" he was asked in a recent DUN'S REVIEW interview.

"Oh yes," he said. "This was a good settlement, for the simple reason that, as the steel company people themselves have said, it cut in half the wage-cost trends since the end of World War II. This was the best settlement they could have obtained either before or during the strike."

The 59-year-old Labor Secretary is a shambling, 200-pound six-footer who used to be vice president in charge of operations for Bloomingdale's, a New York department store. Mitchell became an Assistant Secretary of the Army in April, 1953, and President Eisenhower named him to his present post the following October, after former plumbers' union chief Martin P. Durkin resigned in a huff.

Mitchell disagrees with people who believe the Administration should immediately ask Congress for the power to prevent lengthy strikes in critical industries.

"I am not convinced that the answer to this problem is new legislation. I do think there is room for strengthening mediation activity. For example, one of the problems in the steel strike was the mediators' inability to extract from the parties any substantive statement of their case. It might be a good idea to provide for a board that could be set up before or during a strike without waiting for Taft-Hartley to be invoked. It would have the right of subpoena, the right of public hearings, in order to get the issues squarely on the table and let the public know what they are. But I would not advocate compulsory arbitration."

The Board of Inquiry Mitchell has in mind could submit recommendations for a settlement if the disputing parties requested it to. But he is opposed to its recommending settlements without such a request. "That," he points out, "would weaken what we want to see preserved—which is free collective bargaining.

"I would like to see people realize that you don't cure these things with legislation. These things concern a relationship between human beings and, in my mind, legislation isn't the answer."

What does he think of the proposals to make unions subject to the anti-trust laws and to abandon industry-wide bargaining in favor of separate

How Landrum-Griffin Is Working Out

The Labor Department recently set up a special division to handle employee charges of union violations of the Landrum-Griffin Act, passed by Congress last September in the wake of the McClellan Committee exposures of corruptions in unions.

The Department is now receiving about 200 charges a month—and, says Secretary of Labor Mitchell, "every month we seem to be getting more."

"There are some simple ones," Mitchell notes, "petty cases where somebody writes in and says, 'We don't have a copy of the agreement.' We have sixteen of those."

A breakdown of the other letters received recently shows: 22 allege violation of trusteeship; 108, violation of election provisions; 45, violation of the embezzlement provision; 27 disclose that a union officer has been convicted of a felony and is therefore ineligible for office; 17 charge unlawful union disciplinary action against a member.

negotiations company by company?

"This idea of confining bargaining to local units is impractical. If you require, for example, that the Ford union be separate from the Chrysler union, and the GM union separate from both of them, what you are doing is promoting competition—which I think would result in wage spirals that would be very objectionable, not only to the companies but to the economy.

"Lurking in the background of the steel negotiations, particularly in the pension and welfare field—and even in the wage field—was the steel union's knowledge that Walter Reuther had gotten certain things in the automobile industry. There is no question about it."

Three developments in the American industrial scene—the rise of automation, the trend to relocate, the increase of imports from low-wage countries—concern the Secretary. He feels that some unions have not faced up to the fact that automation is inevitable. He agrees that it is one cause of the pools of unemployed in chronically depressed areas which once were flourishing industrial communities. But although he believes the Government should provide more assistance, he would not want it to accept the responsibility for relocating or retaining workers.

"I resist, basically, the idea that the Government should retrain people and move them around, because you never know what that leads to. Meeting this problem is the basic responsibility of industry, anyway."

The Secretary thinks that industry in general deserves credit for accepting that responsibility. He cites the efforts to retrain workers displaced by automation and the wisdom of companies who plan their automation programs well ahead of time.

A company that shuts down its plant and moves out of the state has a definite obligation to retrain its workers or give them a chance to move to the new location, he contends. "But here again, you can't legislate good industrial relations,. The minute a government starts passing laws to meet all the thousands of different circumstances that can arise, you have an impossible situation."

He also opposes using tariffs and quotas to limit imports from countries with low wages. "If you are going to operate in world markets, you can't solve the problem by higher tariffs. You have to find some other way."

It might be found, he suggests, if labor and management would meet and talk about their common problems. "I haven't looked with favor on the kind of conferences convened in the past because they never got anywhere," Mitchell says.

Instead, he would like to see an informal labor-management get-together where representatives from both sides could explore many things and get to know one another better.

Such a conference, he thinks, might lead to others on an industry or company basis, where labor and management could discuss problems related to the particular industry—foreign competition, for example, or the question of productivity.

"The atmosphere of a conference like that," Mitchell believes, "would not be conditioned by a contract deadline, where everything is all wrapped up with controversial issues. And it might be much more fruitful, more meaningful, than any big one-shot conference ever could be." END

"Productivity is one factor that should be considered in wage discussions—but it is not the sole factor."

"I would rather have some of the troubles we have than get the Government involved in setting wages."

"A hard core of probably 800,000 have been involuntarily unemployed for longer than we would like to see."

The Truth about "Tight Money"

» *How has the Federal Reserve's tight rein on credit really affected business planning in recent months?*

» *Badly, to judge from those cries of pain that have been echoing from the halls of Congress—but . . .*

» *. . . actually, most companies are feeling no pain—provided they know where to look for the funds.*

"IF you do it right, you can do it successfully. In today's tight money market this even applies to financing."

These are the words of Charles B. Delafield, financial vice president of the Consolidated Edison Company of New York, who is out to raise a minimum of $800 million in long-term money during the next five years.

Delafield was relaxing after having privately placed $60 million of a preferred issue. He has learned just about all the wrinkles to the money-raising business in his long years on and around Wall Street. As he views the current situation, knowing your sources is what counts. The funds you need will follow.

How right is he? Here are the facts:

- The nation's banks are keeping their old-time customers supplied with the capital they need.
- An aggressive Wall Street is underwriting more speculative equity issues than have been offered the public in nearly a decade.
- That magical phrase, "private placement," is freeing dollars from sources that traditionally acted stodgier than a Boston trust man. Insurance companies, pension funds, educational institutions, and the wealthy are underwriting an impressive share of today's industrial development.
- Commercial finance companies are busily playing wet-nurse to industries unborn as recently as five years ago.
- In some areas of industry, "Let's lease, not buy" has almost become a slogan.
- Corporate mergers can often be traced to the desire to pool capital resources.
- And finally, some manufacturers and retailers, via captive finance companies, are becoming bankers in their own right.

The tight money situation has alerted both the lender and the borrower. For the most part, both are happy. Lenders have been profiting from the highest interest rates in a quarter-century. Mindful that the interest he pays is tax-deductible and conscious of the scrutiny he has to pass in order to get his money, the borrower is usually confident that his expansion or development program will pay off.

At the controls: the Fed

Money is tight because demand is great. The fact that the supply of money is restricted by the Federal Reserve System in its attempt to halt inflation is just one facet of the current picture. Salomon Brothers & Hutzler, a Government bond firm which recently surveyed long-term money needs and supply, puts the 1960 demand at $27.7 billion. That's $1.1 billion higher than the funds they predict will be available—exclusive of the $2 billion anticipated from Treasury transactions ($6 billion below the supply estimated to have come from the Government last year).

Almost as influential as Federal Reserve policy is the fact that the distribution of money appears to be taking a new direction. Because of the current situation, companies are exerting every effort both to limit the size of their increased borrowing needs and to develop new methods of financing suited to the new areas of supply. The results are apparent throughout industry and in the money markets.

Traditionally, three-quarters of all corporate financing comes from retained earnings and depreciation, and the larger and wealthier of the nation's corporations are laying greater stress on generating the funds they need. As a result, the supply of money for those not old or rich enough to have built capital reserves is somewhat greater today.

For instance, Johns Manville's financial vice president, Roger Hackney, points to his company's use of LIFO in periods of rising prices. "Sure, this hurts earnings," he says. "But it saves cash, and so does our use of the sum-of-the-digits method of depreciation, which both saves on taxes and improves our cash position."

Ways to skin the cat

Other companies, anticipating higher profits this year, report they plan to plough back more profit dollars into their operations—which means, of course, that stockholders won't see the higher dividends they might expect in an era of easier money. In fact, some companies report they'll pay their shareowners in stock in lieu of cash.

Surveying their members on the consequences of tight money, the National Industrial Conference Board reports companies are exerting greater cost control by taking prompter action on slow-paying accounts, by changing terms to customers and suppliers so that they can even out the flow of receipts and disbursements, by tightening up on inventory, by using capital set aside for fixed payments—such as taxes and dividends—to invest in Government issues at advantageous interest rates. Other companies report checking new accounts closely to ascertain their ability to pay and setting up regional plans to speed the collection of cash receipts.

Tight money has been working its greatest hardship on the small, young company whose bank credit has not yet been firmly established and whose potential is mostly a dream.

If you wish to tap a banker's resources, your company must be a customer with a good long-term credit rating, one which carries a reasonable

compensating balance at the bank. The compensating balance requirement often makes borrowing less attractive, for it actually cuts down on the amount of cash you can generate.

continued on next page

A nationwide survey by DUN & BRADSTREET shows . . .

Few Spending Plans Curbed by Tight Money

Tight money is no discouragement to the average U.S. industry today. Out of 1,541 manufacturers in 78 cities interviewed by DUN & BRADSTREET reporters, fewer than 12 per cent say that the high cost of credit is causing them to postpone, reduce, or abandon their current expansion plans.

Large companies with a net worth of over $1 million are feeling the least financial pain. Nearly 92 per cent of them say they are going ahead with all their projects as planned. Smaller companies have more trouble in the capital markets—and the smaller the company the greater the trouble—but if their plans for the immediate future are not too ambitious, they often find their own working capital and retained earnings will satisfy their needs.

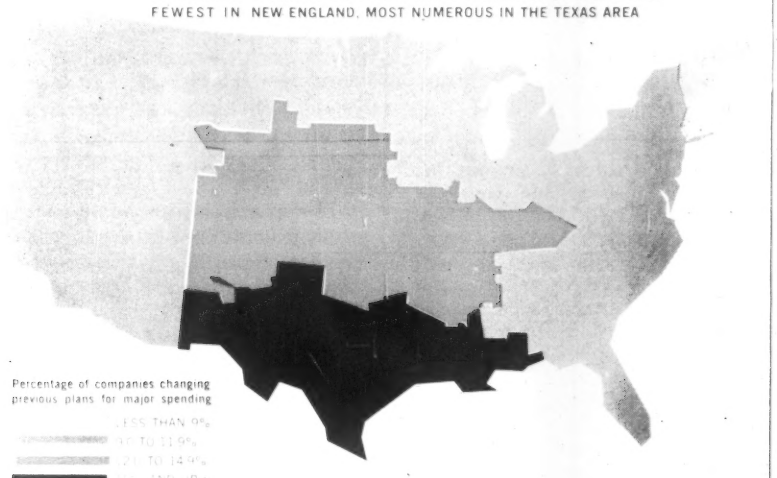
A Newark, N.J. door sash company, typical of many small manufacturers surveyed, is devoting more of its working capital and earnings than ever to pay for equipment—and borrowing less. Says a Wisconsin papermaker, "We're expanding only as fast as our retained earnings will permit."

A number of companies are relying heavily on officer loans. Many report using short-term bank credit to finance long-range projects. And several companies say they are leasing equipment for the first time to conserve capital.

Geography plays a role in the availability of money. New England feels the money pinch least of all areas. More than 91 per cent of the companies surveyed there report no postponement or delay of expansion plans because of money problems. But only 76 per cent of the companies in the Southwest, where the money pinch is sharpest, are not troubled about getting credit, and the fast-growing cities of Texas are in the midst of a real money drought.

The Regional Picture

COMPANIES THAT HAVE POSTPONED MAJOR EXPENDITURES BECAUSE OF SCARCITY OR HIGH COST OF MONEY ARE PROPORTIONATELY FEWEST IN NEW ENGLAND, MOST NUMEROUS IN THE TEXAS AREA



How are so many companies able to manage so comfortably? Some completed their financing plans before the money well started to run low. "We sold $15 million in debentures at 4⅞ per cent back in 1958," reports a large cable manufacturer headquartered in New York City. "That's providing all the cash we need."

Size has a definite influence on the ease with which companies find money. Among manufacturers with a net worth between $500,000 and $1 million, 87 per cent say they are having no difficulty arranging financing. About 85 per cent of the companies in the $75,000–$500,000 net worth range can get the money they need. But among companies with a net worth of less than $75,000, only about 81 per cent can finance their new development programs.

The larger companies in particular say they have well-developed banking relations that can supply all the cash they want—although at higher rates. "We just borrowed nearly $100,000 on a five-year note," one rubber company reports. "But the rate was ½ per cent more than for our last loan."

Interest rates discourage some. "Normally we'd buy about $325,000 worth of new equipment this year," a large trucking company says. "But now we plan to spend only half that much because of the high cost of borrowing."

Comments a Chicago agricultural equipment producer: "We'd like to build a new plant building, but not bad enough to pay 6½ per cent interest." In Fort Worth, a small door manufacturer has postponed plans for a $100,000 expansion program.

To conserve scarce cash, several companies report they're tightening up on their inventories, shortening credit terms, and making special efforts to melt their accounts receivable. "With money so short now," one garment manufacturer reports, "we won't even sell to slow payers."

A Butte, Mont., cabinet manufacturer reports that he's caught in a twin credit squeeze. "The money shortage has slowed our collections, making it impossible to finance expansion or even meet our own obligations promptly."

Others are feeling the effect indirectly. For example, a Los Angeles pool manufacturer reports that his business is falling off because high interest rates have slowed residential construction.

In short, the high cost of money—already easing a bit in midwinter—hasn't scared off many companies that were in the mood for expansion.

If, for instance, you need $100,000, you may actually receive only $72,000 after the bank deducts a 20 per cent compensating balance and 6 per cent interest—making the effective cost for this type of loan 8 per cent, which is still an attractive rate in the current money market.

Be mindful, too, that banks exercise great care not only to whom they lend but for what purpose the loan will be used. If your company is expansion-minded and anxious to build to make a new product, you may have difficulty getting a long-term loan to increase your fixed assets, especially if your earnings record is questionable. But you may succeed in getting short-term money to use to finance inventory, freeing company funds to build the annex to your plant.

Help from the mezzanine

"We're suggesting what we call 'mezzanine money,'" reports a large New York City bank. This type of loan carries with it a call on the borrower's common stock. Instead of having to maintain a cash balance to carry the loan, common stock is used as the compensating balance. Although this may cost the company a little more than another type of loan, it is considered an attractive device.

What alternative do you have if you need considerable long-term cash and can't find it at the bank? An important source for money is the investment banker, whose chief function is to raise new capital. He does it by two methods: private placement and public offerings.

Where do private placement funds come from?

First, there are about 120 life insurance companies, each with assets of upwards of $50 million. And there are the casualty companies.

Pension funds are another important source that is helping a wide range of industries. And there are also some 35 college endowment funds of $25 million or more each. Institutions, which will not underwrite venturesome projects themselves, nonetheless do make funds available to investment bankers.

Finally, there are the private lenders, who provide untold millions of dollars more. They, for the most part, feel they are sufficiently committed in their ownership of public corporations. They seek long-term capital gains, or repayment in the form of securities or participation in companies, some of which may show promise of going public at a future date.

To get private placement money, F. Kenneth Melis, partner of the underwriting house F. Eberstadt & Company, reports that a company must show a stable rate of growth, not wildly fluctuating profits. It must also have built adequate reserves for losses. Receivables should be diversified, if possible among industries as well as geographic areas. Bank relationships, such as the possibility of obtaining lines of credit with leading metropolitan banks, are of prime importance. Above all, there should be an effective management team which gives evidence of long continuity.

The mechanism and cost of private placement money varies widely and depends upon general competitive conditions in the money market, upon how speculative a given situation may be, and whether other institutions work in conjunction with the private lender. For instance, it is not unusual for an insurance company to deposit funds with a concern's bank to meet the 15 or 20 per cent deposit requirements, freeing the company's own funds for use elsewhere.

Wall Street is aware that the public is ripe for equity issues that have glamor and the promise of growth. "We have no difficulty selling a company with merit," asserts the partner of a smaller underwriting house.

How much does a public offering cost? The more speculative smaller offerings could run between 12.5 per cent to 20 per cent plus 5 per cent for expenses. Medium-size deals of, say, around $1 million might cost 8 to 12 per cent, while the big multi-million-dollar issues are offered at costs of up to 3 per cent.

Common stock can often be used as a tool in lieu of cash for the acquisition of other concerns.

Having decided that it wanted to borrow money to launch its automatic pinspotter, American Machine & Foundry Company found it necessary to provide a basis of assets and earnings sufficient to justify the large amount of debt that ultimately would be required. According to the company's vice president and treasurer, David S. Meiklejohn, the stock issued to acquire other companies provided immediate earnings and did not reduce per share earnings. It gave the company a diversified product line and the base needed for future borrowing.

First things first

To qualify for public underwriting, management must prove its know-how with a record of past achievement reflected in sales, earnings, and good profit margins. It must show promise of substantial future growth. And being in a glamor industry helps, too.

It is not unusual for the investment banker to do more than just take your company, alter its capitalization, and offer it to the public. Many of the newer and smaller underwriters, such as First Securities, Inc., may start by integrating two operations in order to give the merged company greater diversification. They will then bring in private capital to improve its expansion potential, and only some time later will they schedule a public offering.

Some underwriters aid companies either by finding funds for them from commercial finance companies or via the private placement route. A veritable merry-go-round of referral business is flourishing. A small- to medium-size company, unable to get

Sixteen Per Cent—And Worth It

"We grew with finance company money," a spokesman for the Jacques Kreisler Manufacturing Corp. explained. Anxious to level off the peaks and valleys characteristic of the jewelry business, this maker of watch straps and leather attachments decided to incorporate a subsidiary to make industrial fuel lines for jet engines. To insure the success of this venture, $1.5 to $2 million was needed. With banks unwilling to supply it, the company turned to a finance company. "We were in a crucial spot," the Kreisler spokesman recalled "but by putting up our accounts receivable and some inventory, we were able to raise the needed money—though at a cost of 16 per cent."

Kreisler's industrial fuel line subsidiary has become such a success that it is now a separate company. With its finance company loans repaid, Kreisler is now able to get bank financing, and currently is operating with a revolving line of credit at a cost of but 6 per cent.

either bank money or public financing, is often referred to a commercial finance or factoring company that specializes in supplying capital to such enterprises.

Today, the distinction between factoring and commercial financing is hazy. For the most part the same companies engage in both activities. Factors charge clients a fee somewhere from under 1 to 2 per cent for buying their receivables, which they then go forth and collect themselves. Factors often will also grant loans on receivables, charging an annual fee of 6 to 7.8 per cent. Along with bank loans, this is industry's second largest source for short-term money. As opposed to selling their accounts receivable, companies may borrow on them from commercial finance companies at a rate of 10 to 14 per cent annual interest.

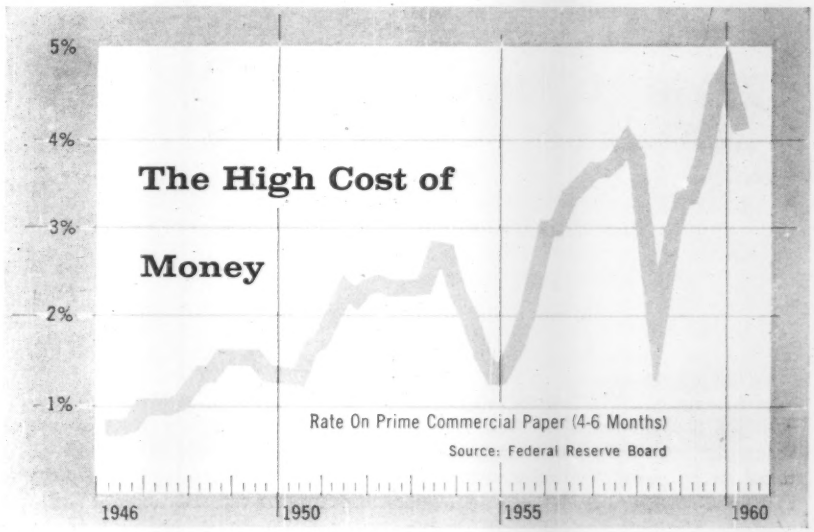
Growth at a price

In the current money market, the commercial finance companies—many of whom have recently gotten additional funds themselves by selling both debt and equity to the public—play an important role in helping a variety of companies grow.

"It is not the cost of money that counts. It is what might happen if a client didn't have the money," Herbert R. Silverman, president of James Talcott, Inc., explains. Once a company gets going, it can then obtain adequate public financing or bank loans much more readily. Asserts a spokesman for CIT Financial Corp., "The flexibility of our service is what is building our business. Say you need heavy equipment. You can finance on six-year pay-as-it-depreciates terms, or the terms may be extended to ten years. Here, payments coincide with Federal income tax depreciation allowances, which helps your cash flow and relieves bank credit for other purposes."

Consider the case of a manufacturer who sells established retail outlets. He can arrange cash financing for inventory or new product development simply by marking his invoices "Pay to Commercial Factors Corp." This is possible if, say, a company needs $300,000 to make a product that has an established market potential and has advance orders on its regular merchandise for approximately $200,000.

The president of the W. L. Cobb Construction Company points out: "We depend on up-to-date equipment to meet contract dates with profit. To insure that our needs are met, we use a constantly revolving inventory of new machinery. Obsolete equipment is simply not profitable. With our planned program of equipment purchases, we have long since discovered the value of dealing with specialists in equipment financing."



Captive finance companies are also coming to the fore as a source of short-term capital. They are usually subsidiaries of large manufacturing or retail businesses, or may be jointly owned by several such concerns. If you are the distributor of a seasonal product—farm equipment, air conditioning, or such—it is possible to have the manufacturer finance your inventory over a 90-day period, during which time there may be no charge. The manufacturer is enlarging his distribution and the credit he extends is really a sales tool. You, on the other hand, profit because you might be able to broaden the number of different lines you handle. If you need more space, and your money isn't tied up in inventory, more of it can be used for physical expansion.

Captive finance companies will also finance your customer's credit, permitting you to offer installment credit terms or charge accounts. Many of the large mail-order and variety chain stores are operating in just this way.

There is some evidence that the shortage of normal credit sources has made more and more distributors look to the captive finance company for help. Redisco, American Motors Corp.'s wholly owned finance subsidiary, reports that it increased outstanding loans by 60 per cent last year and by 72 per cent in the first quarter of this year, against volume in the same period a year ago. Spokesmen for Redisco report that the company has vastly expanded the variety of merchandise it finances. No longer dealing exclusively in Kelvinator products, it now finances everything from oil burners to hi-fi equipment.

Anxious to avail itself of this type of financing, Carrier Corp. last year bought one-fifth of the Appliance Buyer Credit Corp., which was originally established by Whirlpool Corp. And General Electric's Credit Corp. reports its dollar volume shows a steady increase.

To some companies, plant and machinery, instead of cash, provide the means to the end they seek. These are the companies who lease buildings and equipment on both long and short terms.

Many a medium-sized or smaller company is coming of age on leased property, and the trend is expected to grow, especially since much of the expansion during the 1960's is expected to come in the lighter industries.

Industry's increased use of leasing and its plans for expansion during the balance of 1960 are the best proofs there could be that although money may not flow freely from the old sources, and although for some the costs of financing are high and hard, there are new reservoirs to tap. Keen managements are learning where to find the funds they need.

—FAYE HENLE

THE FOLKLORE OF MANAGEMENT: V

The Myth of the Almighty Dollar

CLARENCE B. RANDALL

Are we too tolerant of the top man who justifies a swollen salary with the magic word "incentive"? The former board chairman of Inland Steel argues that top-heavy executive pay reflects a distorted view of human motivations. Worse still, he warns, it can dangerously undermine public confidence in our system.

THERE are fine restaurants in France where the *sommelier*, or wine steward, takes great pains to make sure that everyone knows who he is and what he does. His badge of office is always unmistakable, for it would make him most unhappy if anyone should confuse him with an ordinary waiter. And so he wears about his neck a golden chain, to which are attached his tasting cup and the other implements of his calling. Thus decorated, he moves pompously about, drawing attention to himself.

But there are equally fine French restaurants where the service is so smooth and unobtrusive that you do not know whether the solicitous man at your elbow is the *maître d'hôtel*, the *sommelier*, or just a waiter.

Both of these patterns of behavior will be found within the American business community by all who study the question of what the proper scale of compensation for corporate executives should be.

Industry has a few *sommeliers*, men who move among us ostentatiously, wearing about their necks the golden chains of too-high salaries and making lavish display with expense money. Happily, their number is small. They are far outnumbered by those whose compensation is so moderate and so obviously well-earned that it is never called into question.

And yet, unfortunately, the conspicuous misconduct of the few creates a problem which all of us who believe in the free enterprise system need to think through carefully.

Question the business *sommelier* about his excesses and he will talk of incentives. When you smile incredulously, he will say that although his tax bracket is so high that money as such means little to him, he needs a big salary because it is the only means he has for keeping score.

Well, maybe. But the public keeps score that way, too. The contrast between his "take" and that allotted to other people is so great that the common man is outraged and the whole concept of free enterpise is brought into jeopardy. When a man who plainly has enough asks continually for more on the ground that he needs "incentive," ordinary people react in anger. Even good citizens wonder whether a society which permits this is organized on the right basis.

"What do you mean by a big salary?" such an executive asks. "How big is big?"

That is the question all of us need to come to grips with. No man can answer it by looking in a book. In a free society, it is a matter of conscience and of personal responsibility. The answer must be reached through the exercise of good judgment and good taste, in an atmosphere of humility.

If featherbedding is to be stopped at the bottom, it must be stopped at the top as well.

But there are certain benchmarks. For example, if the chief officer's conspicuously high salary has been approved only by an inside board of directors made up entirely of men who work for him, whose whole futures are subject to his control, he has behaved badly. Unless his conduct has been subjected to the critical judgment of persons who have nothing at stake, he has not measured up to the standards required for a clear conscience.

If his salary is the largest in his industry, he should take warning. Obviously someone has to be at the top of any list, but under such circumstances he must be very sure he is right.

If his compensation is out of line with that of men bearing similar responsibilities in other industries, or far beyond the average for industry as a whole, he is vulnerable.

If he pays himself 50 per cent more than he pays the officer next in line in his own company, another warning light should flash.

No man believes more earnestly than I that incentives and individual reward for effort are basic to our enterprise system. But incentive is one thing and avarice quite another. Let no one tell me that because a key executive has his year-end bonus increased by $50,000 he will accom-

plish that much more the following year.

We in management do not ourselves accept this view of compensation where wage earners are concerned. We know from experience that explosive advances in the hourly rate do not pay for themselves by an equivalent increase in productivity. If human motivation could be calibrated that easily, all a company would need to do in order to double production would be to double wages. Why then should we behave as though giving frequent large increases to company officers would bring about an equivalent forward thrust in executive effort?

It is said that oversize salaries are justified by the fact that the crushing burden of the income tax robs the executive of the fruits of his toil and incentive is destroyed. Reflect on that for a moment. There are two reasons why taxes are high. The first is that great sums are being drained out of the Federal Treasury each year to subsidize special segments of our population. The industrial *sommelier* does not wholeheartedly oppose these subsidies, in part because he is not above getting some of them for his own company if he can.

The second reason for high taxes is that over half of our Federal Budget goes for national defense. We live, unfortunately, in that sort of world. I suspect that George Washington and Thomas Jefferson would be quite startled to learn that business leaders of this generation wish to be relieved of participation in the defense of their country because the necessary taxation "reduces their incentive."

It is also said that Federal and State inheritance taxes reduce incentive because they make it hard for a business man to provide suitably for his children. Those who say it are usually the very men who boast that they themselves started from scratch. They seem to have no confidence in their children, to be dead set on taking away from them the rich experience which they declare has been the source of their own strength.

To resist excessive and improper taxation is not only the privilege but the duty of the citizen. To cry out against all taxation is to reject the responsibility of citizenship and to cross the border of the credible into the ludicrous.

When the socially irresponsible few pay themselves total compensation many times greater than that of the President of the United States, they inevitably breed trouble for all business. The public has rebelled at business leadership before, with dire consequences. The selfish arrogance of industry's *sommeliers* could spark another such revolt. For if featherbedding is to be stopped at the bottom, it must be stopped at the top.

Actually, this phenomenon of self-indulgence in the name of incentive is merely another manifestation of the age-old dilemma of a free society: what to do when liberty degenerates into license, how to resist the abuse of freedom. Fortunately, the spectacular offenders are isolated cases. The overwhelming majority of men at the top play the game squarely. By their responsible behavior they demonstrate the fallacy of the false creed that only money can be relied upon to bring forth intensive and sustained effort.

No incentive is more powerful than a sense of challenge that anticipates achievement.

They demonstrate, also, that our morality has made progress in the century and a quarter since Washington Irving first coined the expression "almighty dollar" to describe "the great object of universal devotion throughout our land," deliberately using the word "almighty" to suggest that money to many Americans was next to God.

Were further proof of higher ethical standards required, it would be found in the lives of those dedicated men and women in other ways of life who give their utmost to the service of mankind for meager compensation.

Why must business be different? Is production ignoble? Is the whole activity so tawdry that ordinary human motivations do not apply? To enlist the human effort that society so urgently needs must we descend to the level of haggling for merchandise?

Not at all. I reject that concept utterly. The truly wise men at the top know that the development of a team, whether for a company or for the country, on which every member gives of his best all of the time rests upon something far finer than just dollar appeal. No one questions the principle that under the enterprise system effort must be fairly rewarded, but the thoughtful leader understands clearly that there are other incentives closer to the human heart than the pocketbook.

What are these other motives that hold men to their tasks and drive them to great effort? There are many, but none is more powerful than a sense of challenge that anticipates pride of achievement.

They say that a mountaineer climbs a mountain just because it is there. That is precisely the spirit in which most men go about their jobs in business. When I hear it said that success lies in doing well that which we want to do, I disagree. Few of us are wholly free agents in the selection of our callings. I say that success lies in doing well that which we have to do and that this in itself brings a large measure of reward.

I hold the old-fashioned, naive view that every decent man wants to pull his weight. Being human, he likes to be told that he has done a job well—but if he is made of the right stuff he knows it already. He can be deeply hurt if he believes he is being treated unfairly in the matter of compensation, but nothing moves him so profoundly as the inner satisfaction that comes to him when he can honestly say to himself, "That was a good job."

Wise management builds on these principles. Every member of the team is given a chance to understand the full meaning of the goal and of the part he has to play, so that he may judge his own performance before the returns are in. He is made to feel that what lies within his sphere of activity presents an opportunity for significant contribution to the total effort, and that the extent of his addition to the whole will be objectively appraised. In making the effort, he is not counting on the pay increase, because he is accustomed to an atmosphere of fair dealing.

A trained seal blows the trumpet because the man in the center of the ring throws him a fish. He got it the last time. That leads him to think he will get it this time.

But the good worker in our country—and by that I mean not only the crane operator and the shipping clerk but the president of the company as well—blows the trumpet because he likes to blow. He hopes to go on eating, but he isn't thinking about that whenever his turn comes to perform. He blows his best anyway. END

THE FRINGE BINGE . . .

How Long, How Costly?

- *Longer, fancier, and more luxuriant year by year —that's the gist of the fringe story.*
- *Best bet for management: keep an eye on future demands, prepare to resist where possible.*

TODAY fringe benefits come in a large and costly package. You can expect the package to get larger, its contents more expensive. The reason: Nearly everybody likes fringes.

Employees like fringes. They provide tax-free security, compensated leisure—and they don't cost a penny.

Unions like fringes. They are in the welfare business and spend considerable time between contract talks thinking up new and better benefits, complete with justifying arguments.

Economists like fringes. At least, many do. They say fringes are not so inflationary as direct wage increases and provide a cushion of cash to pad the jolt when the economy takes a downswing.

Politicians like fringes. The security pitch wins votes. In addition to the fringes industry grants to unions, politicians are not averse to legislating a few on their own, especially during an election year.

Does that cover everybody? What about the employer?

Oh, sure, he's upset when he sees the bill. But he pays it. The times are against him. And in view of the ever-mounting pressure for more and better fringes, his best hope is to hold down the score.

A large manufacturers' association that keeps a yearly tab on the price management pays for employee benefits reports that between 1957 and 1959 it jumped 14 per cent. In 1957, the average company paid 50 cents an hour for benefits above and beyond straight wages. Now it's 57 cents. When the U.S. Chamber of Commerce totaled fringe costs back in 1951, they came to less than 31.5 cents per hour. That was only nine years ago.

The bill gets bigger

Industry is acutely aware of its increasing fringe commitment. One executive of a large automotive parts company gave a little then-and-now lecture on the subject: "In 1940, our starting rate for a laborer was 55 cents an hour. After 30 days, if satisfactory, we added a nickel to his pay. Today that employee gets more than 60 cents an hour in fringe benefits alone."

Take the recent pay package that the United Steel Workers collected. It amounted to 41.3 cents an hour, spread over 30 months. When you open up the package, you find that in addition to wage increases, it is heavy with fringes—3.6 cents an hour for pension improvements, 7 cents an hour for changing a contributory insurance plan to a company-pay-all arrangement, 2 cents an hour for Supplementary Unemployment Benefits—revisions that add up to a hefty 12.6 cents an hour.

Of course, "fringe benefits" is an all-inclusive term. How much they cost depends on how they are defined and who is adding up the bill. If you describe a fringe as any service or compensation—not counting wages—that a company provides its employees on a subsidized or partially subsidized basis, if you include the company magazine, the cost of running the cafeteria, floor space for the credit union and the parking lot, you can arrive at an eye-popping sum.

Unions, however, would disagree. To organized labor, a fringe benefit is company compensation for holidays, vacation, leave of absence, or security. So far as a union is concerned, a fringe is not a fringe unless it listed the benefit as a bargaining demand and secured it as a result of contract talks. What management does on its own—well, that's management's business.

Companies have been providing people with "extras" in the way of paid holidays, vacations, and pensions ever since Bob Cratchit persuaded Scrooge and Marley, Ltd., that Christmas should be a paid holiday. But the old-fashioned fringe was on a discretionary basis. It wasn't until organized labor got into the act that the fringe picked up its present name and negotiating for employee benefits hit the big time.

Aside from the more or less standard fringes—pensions, insurance, holidays, and vacations—unions have shown rare imagination in thinking up others. They range from Supplemental Unemployment Benefits to such items as severance pay, sick pay, time-

off-for-funeral pay, birthday pay, paid rest periods, jury-duty pay, paid military leaves of absence.

In fact, there is hardly any benefit you can think of that has not been anticipated by the resourceful and hard-working policy committees of the labor organizations and proposed, at least tentatively, in collective bargaining talks.

Dave McDonald of the Steel Workers stated after his tour of Australia that a year's sabbatical for veteran workers was the answer to automation. It would spread the work. (One U.S. company already grants a year's paid leave of absence to long-service employees so they may travel, study, and otherwise improve their minds.)

In view of all this, it's no wonder an industrial relations executive of one of the nation's major companies replied to the question, "Is your management planning anything new in fringes?" with a groan. "Planning anything new? Of course not! With labor and Congress thinking up new benefit programs every year, our main job is planning how to pay for them."

When the executive mentioned Congress, he put his finger on a basic force in the drive for lifelong security for everybody. The Government was first in the fringe field with its social legislation of the mid-1930's. Old-age retirement pay, unemployment pay, and workmen's compensation are the expensive foundation under the constantly rising structure of industry-financed benefits.

Labor uses its political power adroitly to expand the Government's welfare program. It long ago discovered that what it couldn't get at the bargaining table, it could win from Congress. Union fringe planning is designed to integrate Government benefits with those provided in the employer's private plan. For example, Supplemental Unemployment Benefits assure the out-of-job worker that with state unemployment money and S.U.B. he will receive approximately two-thirds of his regular "take-home" income for a given period of time. In the same manner, the company pension is intended to supplement Federal old-age benefits.

Although organized labor has been a vital factor in broadening fringe coverage, a comprehensive system of benefits is now found in nearly all large companies, whether they are unionized or not. To attract desirable job candidates, management *must* provide wages and fringe benefits that compare favorably with its industrial neighbors. Moreover, a sound wage and benefit plan is very helpful in defeating union organizational drives. The employee knows he has nothing particular to gain by turning his affairs over to a business agent.

Gains for the unorganized

Labor leaders are acutely aware of this development and complain that it's unfair. They claim that the only reason non-union companies grant wage and employee benefit improvements is because of latent union pressure, and accuse non-union employees of being free-riders.

However, the fact that non-union companies go along is not solely for the purpose of frustrating labor's membership drives. They go along to attract people. All you have to do is pick up the want-ad section of your daily newspaper to spot "come-ons" like this: "Secretary wanted. Five-day week. Pleasant surroundings. Congenial executive. Coffee breaks, paid vacations, seven holidays, free insurance, and hospitalization." The congenial executive has learned to his sorrow that whether or not anybody turns up to take his dictation and type his letters may very well hinge on the fringe.

The only areas in which the majority of companies still exercise discretionary power in the planning of employee benefits are those encompassing management and white-collar personnel. What with inflation and the confiscatory taxes on higher salaries, the executive fringe is an increasingly significant inducement to the competent company officer. His stock-option plan, pension, health and life

Fringe Control

To keep the fringes from getting out of hand:

- Make certain that your benefit package is balanced. Don't go overboard on one type of fringe—for example, a liberal pension plan—if it means you are vulnerable somewhere else. Keep your benefits in line with your competitors'.

- Be sure your fringe expenses are in line with wage costs. A sound wage plan gives you more effective control.

- Keep up to date on union demands and the extent to which they are being granted in your industry, in your community, and by business generally. Effective research will tip you off on what proposals to expect and whether or not the demands will be serious.

- Remember employees still prefer cash. Fringe ideas are born at union headquarters, but labor has to sell them. If employees aren't interested in a proposed fringe, the union tucks it under the carpet—temporarily, at least. Skilful management communications can do much to eliminate impractical, blue-sky fringe notions before they become serious.

- Teach your employees the economic facts of life. Workers who know how much their benefits cost are more reasonable in their demands. The M & R Dietetic Laboratories of Ohio gave their people a checkbook—each check shows the amount the company spends on a particular fringe. The Hallmark Card Company has a quiz game called "Benefit Bafflers." This entertaining do-it-yourself questionnaire helps the employee understand the economics of a management's career-reward program. U.S. Rubber passes out a form itemizing the value of benefits: a worker knows his insurance package costs $220.66; his vacations and holidays $442.18; his Social Security, unemployment compensation, S.U.B. and workmen's compensation $227.72; his pension, severance pay, jury pay, funeral pay, grievance meeting pay $81.79; his overtime premiums and night shift bonus $232.78. All this adds up to an annual $1,205.13, a thick icing on anybody's wage cake.

  It's important that employees understand the value of their benefits in relation to their cash income. *You* are paying the fringe bill. Don't be bashful: itemize your costs and put the tab face up on the table so your employees know the dollar-and-cents facts of your fringe story.

The Fringe Indicator: Future Demands

Holidays: There is always pressure for holidays, but not so much as formerly. Unions have more important things on their minds. The number of holidays varies from industry to industry, region to region. The East and West are very liberal; not so with the South and Midwest. However, seven holidays is standard for most manufacturing companies and should remain so for the next two years.

Vacations: Three weeks' vacation is fairly standard for a veteran employee who has completed a stipulated period of service, which may be as brief as 10 years. Unions will seek to liberalize vacations even further. They are asking for a maximum of four weeks and less restriction on eligibility, to tie in with their efforts to reduce the effects of automation by spreading work.

Reduced work week: Walter Reuther says the reduced work week will be a key demand in his 1961 bargaining with the auto industry, and the AFL-CIO has appealed to Congress to cut the 40-hour work week to 35—but with little hope of immediate action. The under-40-hour week is already established in some industries: Akron rubber workers have had a 36-hour week since the 1930's, and their union hopes to spread this benefit to other companies. Many bakers, miners, longshoremen, and jewelry, garment, and fur workers work less than 40 hours, as do the majority of white-collar employees. The force with which a union pushes for the reduced work week, however, depends on circumstances surrounding its negotiations and how important its other objectives are.

Supplemental Unemployment Benefits: James Carey's I.U.E. expects to go all out for the guaranteed annual wage in contract talks with GE and Westinghouse. He says that in a poll of 23,000 members it topped the list of fringes desired. (Others were severance pay, relocation rights and pay.) Walter Reuther has declared that he hopes to extend the S.U.B. payment to 52 weeks and up the amounts in future negotiations. You can bet that other labor organizations won't let him get ahead of them if they can help it, but in the present economic climate, S.U.B. is still a luxury found generally in large, basic industry companies.

Automation funds: A start has been made in launching company-financed studies of problems caused by automation, notably in meat-packing and dockworking. The idea may spread as mechanization increases.

Pensions: Unions want bigger pensions, can be expected to try to convert contributory plans into company-pay-all programs. Long-term goal: Reduce the retirement age.

Insurance: Emphasis will be on hospitalization, major medical. Group life isn't so important any more—everybody has it.

Sick leave: Once almost exclusively a white-collar fringe, paid sick leave has spread to the shop. If you haven't bargained on this demand already, you can be almost certain it will be introduced in the near future.

Leave of absence: Paid leave of absence is attractive to the men behind labor's bargaining. But right now it is for the long-distant future.

Severance pay: Unions began to push severance pay vigorously in 1955 as an alternative to S.U.B. In industries where the work force fluctuates or employment is declining, it is an important union demand and will continue so.

The extras: Pay for jury duty, military leave, wash-up time, rest periods, get-ready time are thrown in to seal a contract once major differences are settled. Many of these benefits have already become standard practice, especially in heavy manufacturing areas.

Statutory fringes: The current big welfare push in Congress—health insurance for persons covered by Social Security—would mean a raise in payroll tax. More complete disability insurance is also up for consideration.

insurance, and company-paid club dues permit him to build retirement security and to maintain a way of life that would be impossible were his remuneration entirely at the mercy of the Internal Revenue Service.

White-collar employees also participate in the company's fringe benefit program—although, generally speaking, they are not represented by unions. But when union members are granted higher insurance protection, increased hospitalization coverage, a better pension arrangement, more holidays, longer vacations, or even Supplemental Unemployment Benefits, the company extends the program to its unorganized personnel. Thus, to all intent and purpose, industry operates a single all-inclusive welfare program which takes in everyone—plant and office.

Although fringe benefits have become an integral part of industry's compensation system, there is still nothing really standard about them. How much a company pays for employee "extras" depends on the nature of the industry, its size and financial situation, the strength and social philosophy of its union, the region in which it is located, and the competitiveness of the labor market.

The broad patterns

Manufacturing firms pay more in unemployment compensation, workmen's compensation, insurance, and vacations; non-manufacturing companies are ahead in old-age and survivor's insurance, pensions, discounts on goods and services, holidays, and sick leaves. The intelligent way for a company to judge what to expect next in fringe demands is to review its present benefits and measure them against the standards of its industry. However, in making this analysis, contemporary circumstances should always be taken into careful account. Conditions and employee interest play an important part in shaping union demands.

If you study the vanguard companies in the field—the big ones which feel the first impact of labor's demands—you can judge very accurately which fringes have captured the union leaders' fancy, and estimate just when and to what extent you will have to discuss their theories at your own bargaining table. And the "Fringe Indicator" on the left will give you some general clues to future trends.

—JAMES MENZIES BLACK

Should You Do Business with the Reds?

WILLIAM H. PETERSON

- *The Iron Curtain is giving way to the Communists' own desire for more imports—and exports.*
- *If you decide to do business in the Soviet bloc, be prepared for some headaches.*
- *They are clever traders—and they know how to make the most of their own bureaucratic maze.*

ITEM: Dow Chemical has purchased $13.5 million worth of Soviet benzene, deliveries spread out over 1959 and 1960.

ITEM: In a $17 million deal, a U.S. textile machinery syndicate has agreed to equip a big new textile mill rising at Kalinin, U.S.S.R.

ITEM: Hollywood producers have sold the Soviet Union exhibiting rights for such films as "War and Peace," "The Defiant Ones," "Marty," and "On the Beach."

ITEM: More and more Russian watches are appearing for sale in Canada and may soon be offered in the U.S.

ITEM: A Syracuse, N.Y., auto dealer has obtained an exclusive franchise to sell 10,000 Communist-built Moskvich "economy" cars in the U.S. over a two-year period.

Should American business men trade with the Communists in a big way? Relatively few are doing it now. But the few may become many. Increasingly, merchant ships flying the hammer and sickle are showing up in the East Coast harbors of Boston, New York, Norfolk, the lake ports of Cleveland, Chicago, and Duluth, the Gulf ports of Mobile, New Orleans, Houston, the Pacific Coast shipping centers of Seattle, San Francisco, San Diego.

If anything, Soviet exports to the West will increase. How much so no one—at this point—is quite sure. But the very nature of U.S. exports to Russia (capital equipment predominates) makes it probable the increase will continue. In the last quarter of 1959, for example, more than $30 million worth of American industrial goods were licensed for shipment to Communist countries. In addition, the Department of Commerce has given advance approval to the possible sale of "many millions of dollars" of technical equipment and designs (advance approval was given because of the expense to American firms involved in preparing bids). The effect of all this licensing will be to increase future Soviet export productivity in such fields as plastics, pulp and paper, tire cord, manufactured gas, heating equipment, and phosphoric acid.

Slight but lively

To be sure, compared with, say, U.S.-Canadian or U.S.-West German trade, the volume of U.S.-Communist trade is still relatively small. But it is growing and the Communists are eagerly—and, of course, strategically—seeking to expand it.

This raises questions. Is the Soviet challenge to trade a Cold War maneuver or a sincere move to relieve international tension? Should Congress and the Administration lower or even abandon the protective barriers against Communist goods? And—most important to business men—what problems do American traders face in doing business with the Communists?

To put the picture into focus, consider a few key background facts:

For political and economic reasons, the Communists want to step up trade. The signs are many. Amtorg Trading Corporation, the exclusive Soviet trading agency in the U.S., recently moved from cramped quarters in New York's garment district to inviting, spacious, air-conditioned comfort at 355 Lexington Avenue. With enlarged office space, the staff is clearly geared for volume. Also, in what was probably a calculated move to encourage good will, last year the Communists settled for $1.5 million an old Du Pont claim

for technical assistance dating back to World War II. And this January they offered to settle their old World War II civilian lend-lease debt if they could tie settlement to the easing of U.S. trade restrictions. We said "no" to this proposition, but the issue may arise again at the Summit meeting.

The Communists also tried personal salesmanship. In January 1959, they sent over First Deputy Premier (and trade commissar) Anastas Mikoyan. In June, the next Soviet salesman was also a First Deputy Premier, officially here to open the exhibition of Soviet industry and culture at the New York Coliseum. In September, it was the No. 1 Communist himself, Nikita Khrushchev. Each played on the major, and now familiar, theme of peace-peace-peace. And on other themes, too—the most insistent of which was trade-trade-trade.

Just how insistent may be gathered from Mr. Khrushchev's earlier taunt to an American editor in Moscow: "We declare war upon you—excuse me for using such an expression—in the peaceful field of trade. The threat to the United States is not the ICBM but in the field of peaceful production. We are relentless in this." And again, "We'll show you what competition is."

Whether we like it or not, the Soviet offensive is on. Soviet trade-and-aid, reinforced by similar if much less sweeping Red Chinese efforts, has penetrated or is feeling its way through virtually every uncommitted underdeveloped country on the globe —the recent Cuban sugar deal is a good example. Moreover, trade between the Communist bloc and the developed free world nations is reaching postwar highs.

The volume of Western Europe's trade with the Communists is already about 20 times ours.

Signs of further expansion are easy to find. The Czech State Bank has disclosed that bankers from a number of West European nations — including France, West Germany, Belgium, and Italy — have offered Czechoslovakia long-term credits to finance acquisition of machinery. Australia has concluded a multi-million-dollar sale of sheet steel and tubes to Red China. Japanese trade with the Soviet Union in 1960 will reach some $120 million —about double the 1959 volume, with some Japanese items sold under a deferred payment formula. Last year the Deutsche Bundesbank, the central bank of West Germany, broke precedent and for the first time authorized German exporters to grant long-term financing to Communist importing agencies. And England's Vickers-Armstrong recently won an order for a $6.3 million Soviet chemical plant against competition from Krupp of West Germany. (U.S. firms didn't bid.)

The Political Issue—Pro and Con

For the principled business man, trade with the Communists is more than a dollars-and-cents question. Does it further the cause of peace—or advance the interests of Soviet imperialism? Here are the main arguments:

PRO

Trade is a harbinger of peace, a sign of civilized cooperation among the peoples of the world. There is a good deal of truth in the slogan used by the Paris-based International Chamber of Commerce and America's IBM Corporation: "World Peace through World Trade."

The designation of exports as "strategic" and "non-strategic" is becoming more and more ineffectual. There has been a remarkable advance in Soviet technology, as can be seen in Sputnik, Lunik, the hydrogen bomb, the Soviet high-speed turbo oil drill.

If we are to believe Khrushchev, the volume of U.S.-Soviet trade could grow to "several billion dollars in the next few years."

Trade could upgrade Communist living standards and perhaps contribute to an era of good feeling. This was the point a Presidential study group on U.S.-Communist trade made last year. Trade, it said, would stimulate additional consumption of consumer goods in the Communist bloc. "The result might be to produce pressures within the bloc, tending to divert resources from war potential to consumer goods," goods the people would not want to sacrifice unless gravely threatened.

CON

Restriction of Soviet imports is justifiable on the grounds of "Communist slave labor." Soviet shipments of crabmeat, in fact, have been refused entry to American ports under Section 307 of the Tariff Act of 1930, which prohibits imports produced by "convict, forced, and indentured labor."

Trade with the Russians is risky because they have not paid their past debts. The Soviet Union still owes $2.6 billion for lend-lease civilian goods in Russian hands at the end of World War II. There are also unpaid debts totaling $753 million lent to previous Russian regimes.

To the Communist mentality, trade is not just a matter of economic gain. The ever-blunt Khrushchev told some visiting American Congressmen in 1955: "We value trade least for economic and most for political purposes." Trading maneuvers, then, are doubtlessly designed to further the oft-reiterated goal of world domination.

Secretary of Commerce Frederick H. Mueller in March told the House Banking Committee that the relatively few things Russia has to sell the U.S. —"beside vodka and caviar"—are the things we are now buying from good friends and customers like Canada, Turkey, and India.

Before you make a deal. . .

- ✓ Find out whether a U.S. export license will be forthcoming. (It is possible to get advance approval.) Some applications have been rejected after firm orders have been arranged, often at high administrative cost.
- ✓ Make sure payments are expressed in Western convertible currencies.
- ✓ Be wary of open-end clauses, such as furnishing unspecified quantities of blueprints, instruction manuals, catalogs, or providing translations of them. It is best to stipulate how many you will supply and to get the Communists to do their own translations.
- ✓ In case of possible breach of contract, insist on a workable arbitration clause, with arbitration proceedings to be held here, if possible, or in a neutral Western country, such as Sweden or Switzerland.
- ✓ If buying Communist goods, supplement the "as per sample" clause by spelling out specifications as fully as possible—quantity, dimensions, weight, color, quality, and so on.
- ✓ Insist on a protection-of-design clause if exporting patented equipment, even though the Communists may later secretly or openly ignore it. At least they will be put on notice: Piracy will dent their prestige, and it may be possible to collect damages.
- ✓ Consider using American negotiating specialists or import-export firms skilled in dealing with the Communists and settling contract terms and clauses.

Relatively speaking, the U.S. is staying pretty much on the sidelines of the East-West trade buildup. Even if the Government and American industry were of a mind for much greater trade with the Communists, a number of legal restrictions would first have to be shelved, repealed, or amended. These include:

- The Johnson Act, passed more than a quarter century ago, prohibiting long-term private credits to any country which is in default to the U.S.
- The Battle Act of 1951, providing for termination of U.S. foreign aid to any country exporting strategic goods to the Communist bloc.
- The Export Control Act of 1949, empowering the Commerce Department to license, control, and, if need be, cut off any American exports to the Communist bloc for reasons of "security" or short supply, or because the U.S. has a strategic monopoly over their production. (Among applications for export licenses the Department turned down in 1959 were those for shipping to East Europe $10.4 million worth of polyethylene, $2.5 million of special alloy steel pipe, and $1.9 million of stainless sheets.)
- The Trade Agreements Extension Act of 1951, banning import of seven kinds of furs and skins originating in the U.S.S.R. or Red China.
- The complete embargo against American industrial sales to Red China, North Korea, North Vietnam.
- Omission of the Communist bloc from equal or "most favored nation" treatment in the U.S. Reciprocal Trade Program and in tariff reductions effected by GATT (the General Agreement on Tariffs and Trade).

But despite the many obstacles to East-West trade, the path is not as obscure as it once was—and the business man who seeks it out may well find the Communists strewing roses before him.

They are not, however, without thorns, and those who have done business with the Soviet-bloc nations warn that there are specific practical problems to be anticipated:

- **The Communists lack commercial trading skills and ways.** Although they have a fair record in meeting payments on bills, many Western business men complain that they are slow to furnish samples and specifications. Suppliers' credit, common in Western countries, is extended reluctantly and after long delay—if at all. Delivery dates of Soviet goods have frequently been missed. And the easy give-and-take of Western business—so vital a part of special contractual adjustments and personal relationships—is all but unknown in regulation-ridden bureaucracies. All foreign trade in the Soviet Union is handled through state trade agencies, and their sole representative in the U.S. is Amtorg.

One American executive in Moscow described the Russian foreign trade organization as a "maze." Delays and shuntings-about are commonplace. The U.S.S.R. does not permit our business men to travel through the country with samples, sales material, and order books. Such trips would be useless, anyway, for Soviet factory managers are forbidden to place orders. All Russian purchase orders and sales contracts originate within the Soviet foreign trade ministry.

American business men are therefore advised to deal with Amtorg and regional Soviet consulates. If they feel they still must go to Moscow, they should do a maximum of planning, negotiating, and lining-up appointments by correspondence beforehand.

Even so, better allow extra time for bureaucratic delays when you get there. Sidney Scheuer, president of the Intertex Corp., which heads a syndicate shipping textile equipment to the U.S.S.R., has had considerable experience in dealing with the Russians. He warns that initial negotiations are sometimes difficult, and always slower than in the West.

Cool but canny

To the Russians, the proof of the pudding is in the eating and they act a little suspicious when the dish is first put before them. But, Scheuer notes, if you prove yourself efficient, reliable, fair, and knowledgeable, they will relax somewhat.

"One must be much more than a negotiator of price and terms," he adds, "although this becomes the ultimate struggle." But long technical sessions with Gosplan (the National Planning Authority), technical and scientific committees, and the officials who will handle your products come first. During this stage, price and terms seem quite incidental. They are a matter of major concern, though, to the State Trading Corporation, the ac-

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tual purchaser and the final authority on contract terms. When you reach the final stage of negotiations, you will find the Corporation quite indifferent to all that has gone on—at such length—before. Corporation officials know how to bargain, they have your competitors' proposals in their pockets, and they expect concessions—perhaps because such concessions "prove" that they are on their toes and competent to fill their highly important jobs.

Russian negotiating ways can be tricky. In one case, Soviet state traders expressed interest in the products of an American corporation and asked that it send 200 copies of its catalog to Moscow—a shipment that would have cost the corporation $3,000, with no certainty that it would lead to a sale. The company was advised to forward only 15 catalogs—and the Russians were satisfied.

In another case, after long negotiations, an American firm was ready to sell some intricate machinery. But when the contract arrived, close scrutiny revealed the Russians had inserted a clause stipulating that all drawings, blueprints, instructions, and so on were to be in Russian, a trans-

Facts on Soviet Purchasing Agencies

All trade with the U.S.S.R. is handled by the Soviet Government. Here are the essential facts on their foreign trade organizations:

AMTORG TRADING CORPORATION
355 Lexington Avenue
New York 17, N.Y.
Tel.: MUrray Hill 2-7404
Cable Address: Amtorg New York
Handling all phases Soviet export-import trade in the U.S.—Amtorg is the sole agent here for the Soviet foreign trade organization.

V O SOJUZPROMEXPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-19-79
Cable: Promexport Moscow
Export and import of ores, minerals, precious metals, stones.

V O SOJUZNEFTEEXPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-40-49
Cable: Nafta Moscow
Export of crude oil, aviation and motor petrols, kerosenes, diesel fuels, lubricating oils, bitumens, vaselines, paraffin wax, solvents, mazuts (petroleum residue used as oil).

V O SOJUZKHIMEXPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-22-84
Cable: Sojuzkhimexport Moscow
Export and import of chemical products, medicines, medical instruments.

V O RAZNOEXPORT
5 Kaljajevskaja
Moscow
Tel.: D-1-48-97
Cable: Raznoexport Moscow
Export and import of tobacco, building materials, leather and leather goods, footwear and apparel, china and glassware, handicraft art products, office machines, bicycles, household electrical equipment.

V O PROMSYRIOIMPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-19-03
Cable: Syrioimport Moscow
Export and import of cast iron, ferroalloys, various steels, wires, cast iron and steel pipes, railway materials, hardware, steel electrodes, bimetals.

V O MACHINOIMPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-33-09
Cable: Machinoimport
Import of industrial fittings; power, electrotechnical, oil, mining, pumping, compressor, handling, and transport equipment; import and export of rolling stock.

V O STANKOIMPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-21-32
Cable: Stankoimport Moscow
Export and import of machine tools; measuring and optical apparatus, machines, and instruments; tools; ball and roller bearings; abrasive products.

V O TECHNOPROMIMPORT
32 34 Smolenskaja-Sennaja
Moscow 200
Tel.: G-4-32-52
Cable: Technopromimport Moscow
Export and import of automotive, agricultural, and industrial equipment and machinery, and communications equipment.

lation which would have cost the American exporter several thousand dollars. He was advised to fight the clause—which he did. The Soviet agency purchased the machinery anyway, and made its own translations.

Another Soviet trading habit is higgling, shaving terms here and there. One experienced Westerner has said: "Their trading is of the Oriental type. Their cards are not exposed; they are turned down. It is a guessing match and they take great pleasure in this. As a matter of fact, there is a little trading done at each level of the hierarchy and when you reach the top man, it is desirable to make one more small concession, if possible."

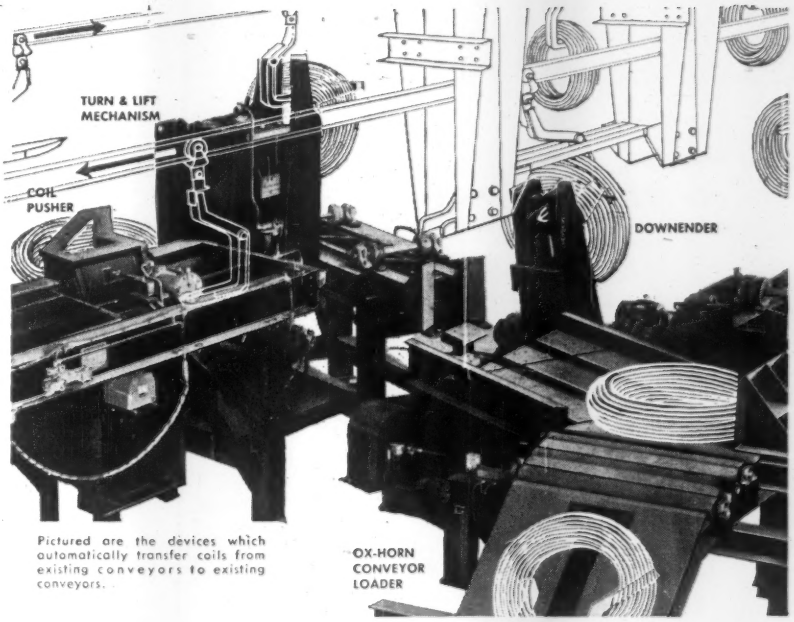
• **The Communists have dishonored copyrights and patent rights; their piracy is notorious.** The absence of any copyright or patent convention is a critical problem in trading with the Russians. They can buy any American product, copy it with near-impunity, and save all the research, design, and development expenses.

The size of some recent Soviet orders placed in the U.S. raises suspicions of piracy—for example: $3,550 for a single sugar beet combine; $10 for antibiotics; $4,637 for air-conditioning equipment; $160 for automatic pipe valves; $1,584 for safety apparel, and so on. An American business man can conceivably fill a small machine order for the Communists, only to see close Russian imitations appear later in his regular overseas markets.

The possibility and practice of copying are aggravated by the fact that Communists can circumvent our elaborate trade restrictions and need not shop in the U.S. They merely have to buy new or second-hand American products in Europe or Asia and reship them to their own production centers.

Despite this record, some Western firms have licensed Soviet manufacture. The Danish firm of Burmeister and Wain, for instance, has licensed the U.S.S.R. to produce its marine diesel engines; England's Dunlop Tire has entered into licensing agreements with the Russians.

More licensing is going on with Communist Yugoslavia. Over 100 licensing agreements between Yugoslavia and private Western firms were in existence as of January 1, 1959. None of the firms involved was American, although in one case an American manufacturer's German plant, un-



Pictured are the devices which automatically transfer coils from existing conveyors to existing conveyors.

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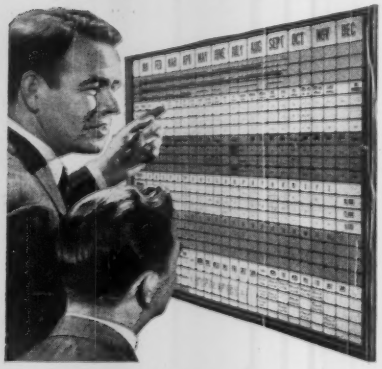

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able to fill new Yugoslav orders for finished products, licensed the Yugoslavs to produce some components. And another U.S. manufacturer permitted its West European licensee to sub-license Yugoslav production.

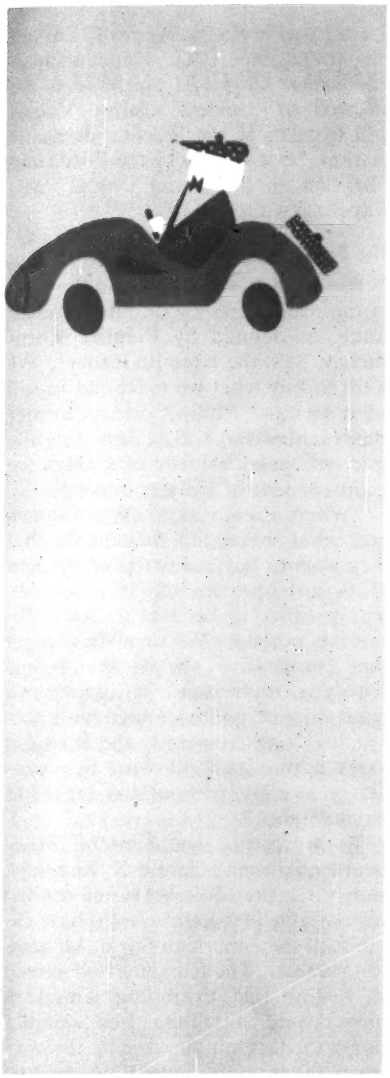
• **Court relief for breach-of-contract is an expensive and sticky procedure with a poor record of compensation.** What protection do Western business men have when Communists break or fail to live up to the provisions of their contracts—when, say, they fail to meet specifications, delivery dates, indicated quantities and qualities, and the like?

When pressed, the Communists will agree to arbitration clauses in trade contracts but will usually seek arbitration in Soviet or satellite courts. This can be dangerous. On June 19, 1958, for instance, a Soviet panel of arbitrators rejected a $2.4 million damage suit by an Israeli corporation whose contract for oil delivery was unilaterally cancelled by Soviet trading agencies after Israel invaded Egypt in 1956. The panel proceeded under the doctrine of *force majeure*, events beyond the trading agencies' control, for the Soviet Foreign Ministry—unilaterally, of course—had declared Israel guilty of aggression against Egypt.

To escape the problem of Soviet arbitration, some Western business men have insisted on free-world arbitration—in Stockholm or Zurich, for example. On occasion, the Communists have agreed to this.

• **Inconsistent quality, arbitrary pricing, and dumping have weakened the Communist trade position.** Visitors to Soviet exhibits at the Brussels World Fair in 1958 and the New York Coliseum in 1959 were struck by the unpleasant fishy smell of the slick covers on the pamphlets. Here, bearing witness to the world, was a pungent example of the Soviet Union's obvious lack of quality control.

In addition to teaching economics at New York University's graduate business school, William H. Peterson is the author of *The Great Farm Problem* (1959), and a regular business book reviewer for a leading business daily. This article draws on his experiences during a recent trip to Russia, where he talked with leading Soviet trade officials.



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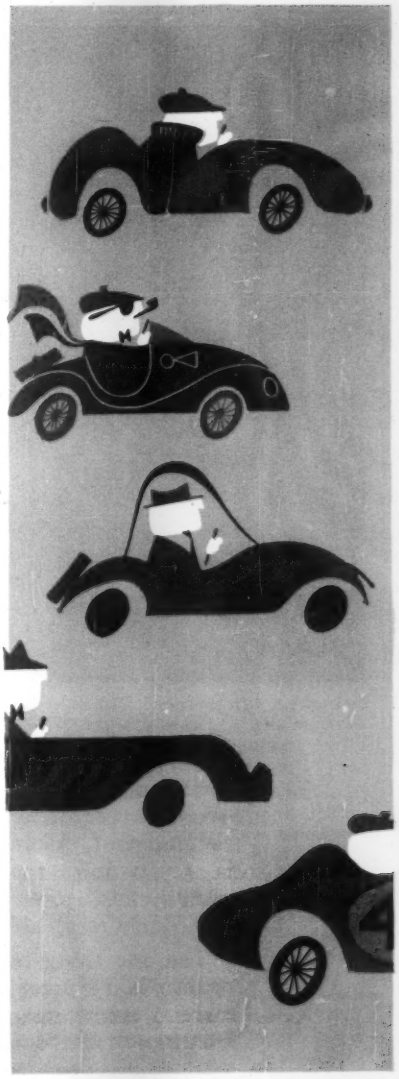

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It isn't the only example. Soviet crude oil shipped to Egypt damaged refineries there because of its excessive sulphur content. Syria rejected Soviet and East German trucks because of inferior quality. And Indonesia, Greece, Afghanistan, and Argentina have all found Soviet automotive equipment below specified quality.

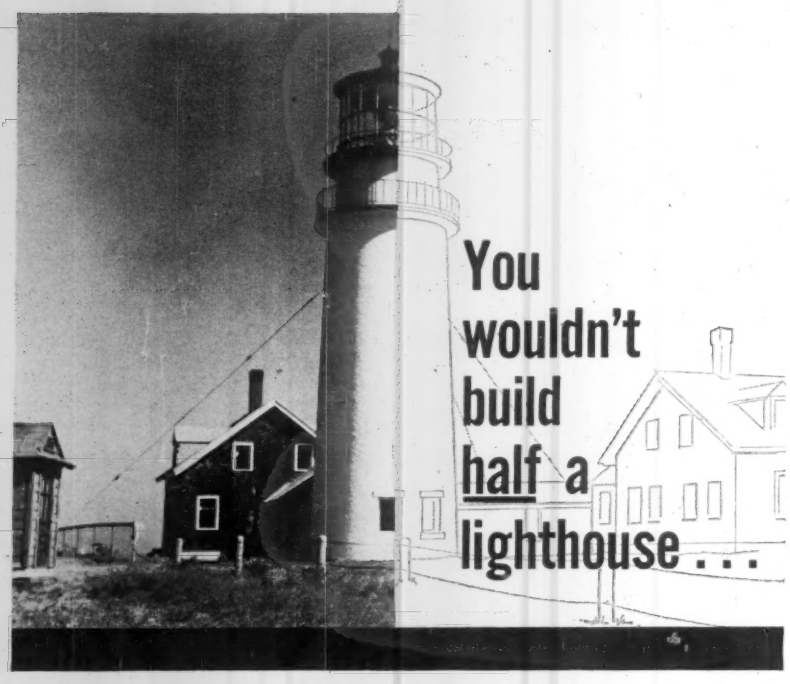
Pricing is also a serious problem. Western techniques of pricing and cost accounting cannot be applied to Communist products. Free markets do not exist in a Marxist state. Effective supply and demand guidelines are missing. Their prices, then, are invariably determined bureaucratically and arbitrarily, and errors—underpricing or overpricing—are common.

No customer, of course, complains of underpricing, but producers do. And several times different world commodity producers have complained of Russian bargain-basement price-cutting. Dumping is haphazard, giving the appearance that Russian production just got out of hand, and that since there was no outlet for internal disposition, the surplus was dropped on the world market for what it would bring. On occasion the U.S.S.R. has broken the world price of aluminum, tin, oil, rice, and cotton, capriciously disrupting established patterns of international trade. The Yugoslavs, too, have dumped lead and zinc on occasion.

There is little American traders can do about Communist dumping. Because it disrupts established patterns of trade, dumping will in the long run only create ill will, hurt Communist trade aspirations, and serve to weaken the Soviet-bloc economies.

There are indications the U.S.S.R. has caught on to this fact and intends to reform, at least temporarily. The De Beers Corporation of South Africa, which handles over 95 per cent of the diamonds marketed throughout the world, announced in January that the Soviet Union had agreed to sell it all the diamonds it exports to the West, for re-sale at stable prices. (Russian prospectors discovered large diamond deposits in Siberia and the Urals just a few years ago.)

• **For all the Soviet complaints of U.S. trade restrictions, the U.S.S.R. remains one of the most protectionist and restrictionist countries in the world.** The Soviet Union zealously guards its home markets as strictly state preserves. By way of illustration,



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when I was in Russia recently, I asked the trade expert U. Kapelinsky if Fords and Chryslers would ever be allowed to compete against Volgas and Chaikas in the Russian domestic market. "But we don't need Fords and Chryslers in the Soviet Union," Mr. Kapelinsky replied.

The Soviet notion of "trade"

His remark is to be seen in the light of the over-all policy on international trade, as defined by Premier Khrushchev. Said the Kremlin leader: "We want to buy what we need and to sell what we can." Philip Cortney, former chairman of the U.S. Council of the International Chamber of Commerce and president of Coty comments:

"When Russia says, 'We want to buy what we need,' they mean that they wish to buy industrial equipment of all sorts, particularly in this country, in order to become as self-sufficient as possible. We shouldn't forget that competitive coexistence as the Russians understand it involves a great dose of politics mixed with economics. Very frequently the Russians make a 'one-shot' purchase as a prototype to copy, without any regard to patent rights."

Both Cortney and General Mills' board chairman, Gerald S. Kennedy, caught the fire of Soviet home-market restrictions first-hand. Both had exhibits at the American fair in Moscow last summer. The Russians had agreed in writing that exhibiting American firms could distribute free samples but at the last minute, despite the contracts, they said "Nyet!" Coty had gone to the expense of preparing several hundred thousand free sample kits of lipstick and face powder, which had to be returned from Russia. General Mills tried to give away rich, fluffy American cake at the Moscow fair, but the Russians welshed on that promise, too.

It is plain that outside entry into Communist markets is possible only with the specific, probably temporary, and often capricious sanction of a totalitarian state. Long-continuing, mutually profitable U.S.-Soviet trade just doesn't seem to be in the cards yet.

Above all, experience—past, present, future—should be our guide. As Clarence B. Randall advises business men in his new book, *The Communist Challenge to American Business:* "Policy is not made by men like us. It is formed by world events." END

When You Outgrow Your Company Name . . .

What happens when a hallowed business name ("For eighty years it has stood for quality") no longer even stands for what the company makes?

WHAT with diversification, mergers, and galloping obsolescence, U.S. firms in all industries are on an unprecedented name-changing binge.

In the past few months alone, Dayton Rubber Company switched to Dayco Corp.; Detroit Harvester Company to Dura Corp.; L. Sonneborn Sons, Inc., to Sonneborn Chemical and Refining Corp., and Bissell Carpet Sweeper Company to Bissell, Inc.

Others that recently changed long-respected corporate names are Pennsylvania Salt Manufacturing Company, to Pennsalt Chemicals Corp.; Felt and Tarrant Manufacturing Company, to Comptometer Corp.; Nehi Corp., to Royal Crown Cola Company; American Gas & Electric Company, to American Electric Power Company, and Union Carbide and Carbon Corp. to Union Carbide Corp.

Why did these concerns abandon names whose stature had taken years, even generations, to build? In every case the disadvantages of doing business under an outgrown name far outweighed the assets of its prestige.

According to President J. Thomas Smith, the shift from Detroit Harvester to Dura Corp. "put an end to a problem that had plagued us for ten years." From the original manufacture of farm machinery, the company

Picking the Perfect Name

Hours, days, years of soul-searching, testing, and research go into choosing a new corporate name (see DUN'S REVIEW, June 1957). Connotations, implications, associations all loom large in analyzing the candidates. So ominous are the possible pitfalls of an "unfortunate" name that a monthly "Trademark Taboo Language Service" offers subscribers lists of words which, in foreign languages, might be offensive.

Ideally, what image should a company's new name invoke? New York market and opinion research consultant James M. Vicary lists these criteria for a good business name:

It Should Be

- Interesting
- Easy to pronounce
- Readily and accurately recalled
- Well differentiated from names —and initials—of other companies
- Clearly associated with the company's area of interest

It Shouldn't Be

- Too long or too cumbersome
- Overly common
- Suggestive of something other than the company's activities (e.g., sound like a Government agency, labor union, or charity)
- Trite
- Restricted to a geographical area
- Too generic-sounding

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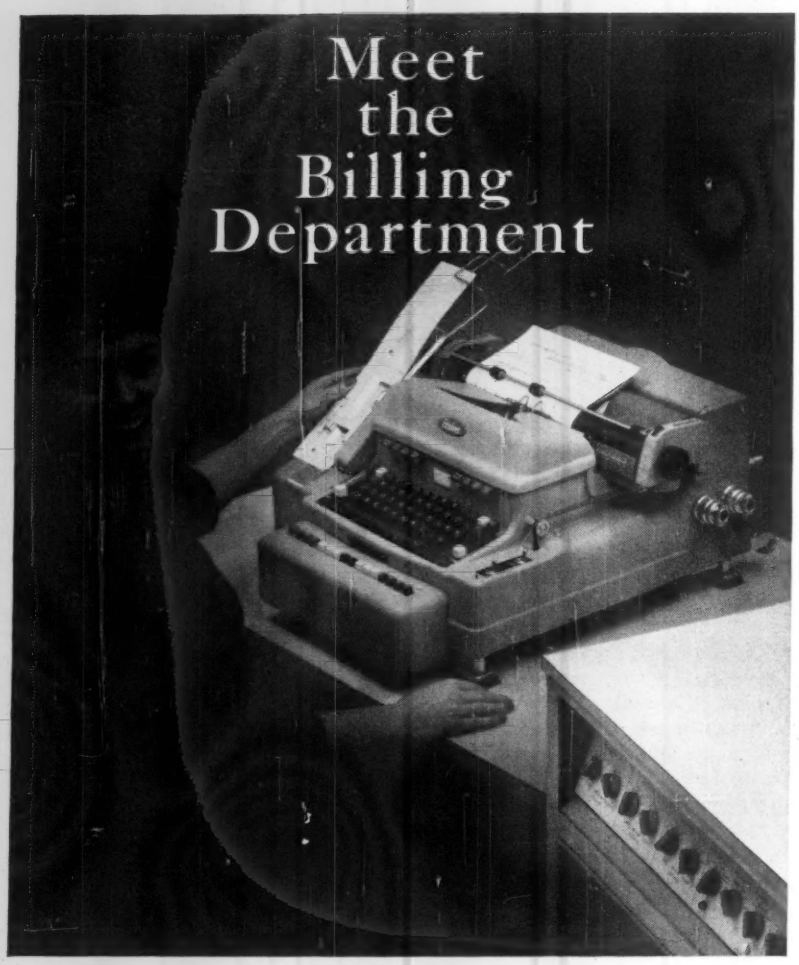

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branched out into production of auto parts, die castings, industrial pumps, street sweepers, and power mowers. The new name was taken from an early subsidiary.

Most of the diversification that renders company names obsolete is the result of merger and acquisitions in recent years. Dayco Corp. emerged because Dayton Rubber Company had bought, among others, such outfits as Hardman Tool and Engineering Company, Cadillac Plastics & Chemical Company, and Metal Hose and Tubing Company—none of them having anything to do with rubber *or* Dayton.

Sometimes the diversification comes from within. L. Sonneborn Sons, 57-year-old New York petroleum refiner and manufacturer of chemical specialties, found itself in packaging, building materials, electrical and other fields as it sought outlets for petroleum by-products.

What governs the choice?

Choosing a new name can be a simple matter, as in Bissell's case. When this 83-year-old, one-product company developed other kinds of manual and electric cleaning equipment and supplies, it just dropped the "carpet sweeper" limitation.

On the other hand, picking a new name can be as elaborate as General Shoe Company's quest, which involved exhaustive testing of hundreds of names before "Genesco" (name of its intra-company sales division) emerged. Here the problem was to find a dynamic but dignified-sounding name that would comfortably cover the company's ownership of a lady's foundation garment company, Tiffany's, Hoving Corp. (a chain of fine retail stores), and chemical and flatware producers—as well as the original shoe-making facilities.

No discernible trend is apparent in the type of names coming out of these re-christenings. Some concerns merely drop the restrictive designations, as in The Pillsbury Company from Pillsbury Mills. Some—like Texaco, Inc., once The Texas Company—take on their most popular product's name. Some switch *to* a family name, like Leesona Corp., which as Universal Winding Company grew from textile winding equipment into electronics and other fields. Others abandon all former name associations — e.g., Chemetron Corp., formerly National Cylinder Gas Company.

There are those who consider changing, then think better of it. ABC Vending toyed with the idea of ABC Industries, but seeing the hundreds of "Industries" around, remained as it was.

Name-changing is never accomplished without a goodly share of petty and not-so-petty details—all of them involving some cost.

Stationery is, of course, a major—and obvious—item. Most companies have enough notice of a forthcoming name-change to use up the old stocks. Other items to be revised: checks, drafts, interoffice stationery, invoices, labels, business cards. At Bissell, the name change brought an end to old-fashioned, illustrated, oversized check forms that resembled bonds—used since the founder's day.

For many companies this is a good time to up-date everything from logotype to brand marks. Other areas where changes must be made:

- Legal documents: corporate seals, stocks, bonds, contracts, deeds, leases, mortgages.
- Advertising and promotion: everything from window lettering to showroom displays to house organs.
- Employee activities: club names, uniforms, membership cards, benefit plan forms, instruction manuals, identity cards, badges, and passes.
- Notifications: Government agencies, suppliers, carriers, utilities, service organizations, agents, distributors, banks, stockholders, trade associations, and so on.

Spreading the word

A name change brings a host of special problems for which the wise company will make allowances, if not actual plans. For example, before Indiana Steel Products Company merged with General Ceramics Corp. to become Indiana General Corp. (after 100 possibilities had been weighed), it rushed a straightforward booklet, "What Merger Means to You," to employees of both companies.

Problems with the press often linger for years. The Martin Company, so named in 1957 to replace The Glenn L. Martin Company still has to remind editors, reporters, and writers of its correct designation.

Name-changing, in most cases, is neither cheap nor even easy. But more and more companies find they must go ahead with it anyway.

—CLAIRE TRIEB SLOTE

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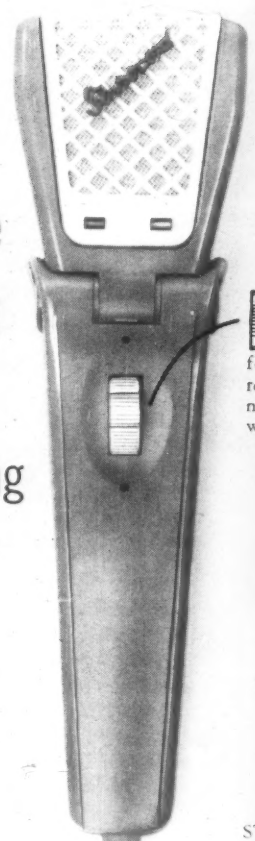

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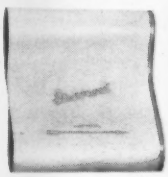

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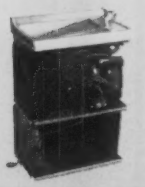

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» *"What they don't know won't hurt them" once seemed to be the theme of the annual report to stockholders.*

» *Now they get facts, figures—and a full dose of the company's labor relations problems as well.*

Management is pouring new wine into old bottles. The company's annual report, a brew distilled of facts, figures, pie charts, and a slick cover, is now being marketed with a new ingredient —information on labor relations. The current vintage of annual reports offers the stockholder, the financial community, and the stock-owning employee a heady draught of labor costs, training programs, union relations, and other meaningful internals of an enterprise.

The latest annual report of U.S. Steel carried a sixteen-page summary and forecast under the heading "Labor Matters." This is a far cry from the report of another company which wrapped up its whole year of labor-management activities in this banal sentence: "The Board of Directors and management wish to take this opportunity to express their appreciation for the loyal services to the company rendered by all employees."

The new multi-purpose report

What accounts for this public exposure of employee relations? A partial answer can be found in the changing nature of the annual report. Says Harold W. Comfort, president of the Borden Company:

"Unquestionably the annual report is a most important and versatile publication. It is a legal document, a means of friendly communication with stockholders, an informative media for employees, a useful catalogue of important company products, a fact sheet for newspapers, a community relations tool, a textbook for business classes in schools and colleges, a reference work for libraries, a good-will builder among suppliers and important customers, a manual for salesmen, and in the broad sense, a spokesman for American business and methods."

This concept indeed broadens the role of the annual report, which is technically designed to fulfill a very narrow purpose. The year-end accounting of a company's financial condition is required by law. Little more than a balance sheet and earnings statement, unappetizingly garnished with the gobbledegook of the accountant's trade, will satisfy Government watch dogs and the inquisitive stockholder.

For all to see

But business has broken out of its cocoon of secrecy. The "open book" policy, like the "open door," has taken hold as a management creed, and the annual report has been turned into a showcase in which the corporation displays its financial, managerial, and product achievements. It has become an "instrument of communications," a direct wire that stretches from the nation's front offices to millions of people interested in the welfare of American industry.

Until this year, however, the subject of employee relations was usually confined to a paragraph of cold type, as though the area of employer-employee activity had little impact on the fortunes of a business. A comparative survey of the space allotted to labor relations this year and last

IMPORTANT NEWS ABOUT U. S. SAVINGS BONDS

Now you can turn E Bond savings into a current income investment... without decreasing the principal

New privilege of conversion into H Bonds allows you to postpone paying taxes on your accumulated E Bond interest; the tax money continues to earn interest for you.

Effective now, owners of Series E Savings Bonds can trade them in for current-income H Bonds without having to include the accumulated E Bond interest in their taxable income for the year in which the conversion is made.

This new conversion privilege has special benefits for people near retirement, or who, for other reasons, want the cash interest which H Bonds pay twice a year. But study your own situation carefully. Current income may not be needed just now—and, of course, the cash interest on H Bonds is taxable. Or perhaps your E Bonds—depending on their dates of issue—are yielding more currently than you would get on H Bonds. Your banker has tables which can help you decide what's best for *you*.

Here's a simple example of how it works:

Let's say you put $3,750 into E Bonds back in the spring of 1943. By this spring they would have earned $2,402 interest and their cash-in value would be $6,152.

Until this year, if you cashed your E Bonds to buy H Bonds you would have to pay the tax on the E Bond interest with your next return. If you happened to be in the 30% tax bracket, this would amount to $721. The remaining $5,431, if put into H Bonds, would pay an average of $205.56 interest per year for 10 years.

Under the new rule, you can put off paying the tax on your E Bond interest until you redeem your H Bonds. You can put the entire $6,152 to work and earn over the 10 years an average of $232.85 interest per year.

Your tax money earns interest currently and you may pay less tax later

Of course, tax on your E Bond interest will have to be paid when you redeem or otherwise dispose of your H Bonds. But by the time you pay the tax, you may be in a substantially lower bracket—due to retirement.

You save more than money

You help save the peace by buying Bonds and holding on to them. The money you save helps keep our country's economy strong.

- ☆ E Bonds may be converted to H Bonds through your bank.
- ☆ All E Bonds having a combined value of $500 or more, matured or unmatured, are convertible.
- ☆ H Bonds are issued in denominations of $500, $1,000, $5,000 and $10,000.

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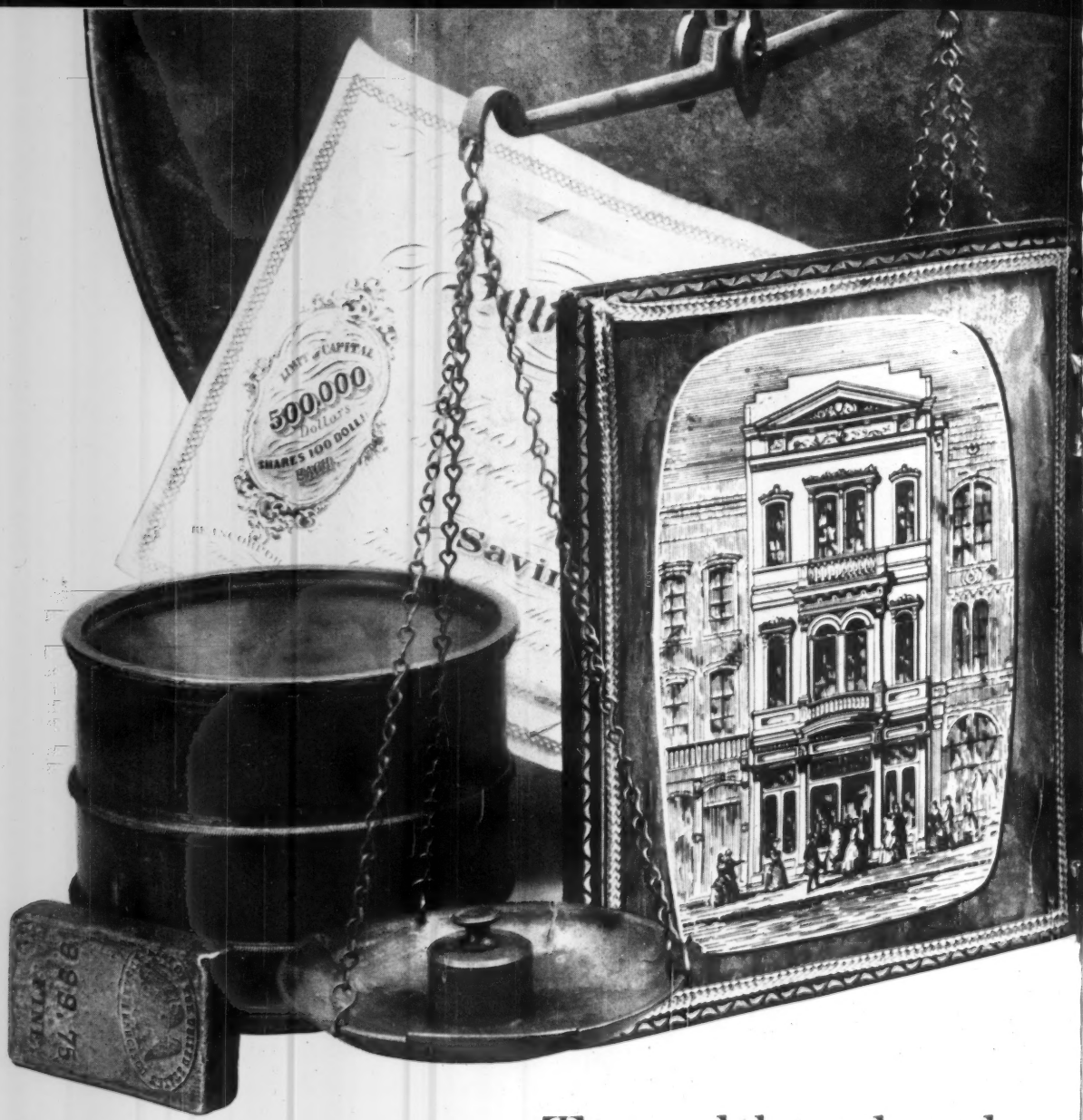

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American Trust Company and Wells Fargo Bank have joined forces to better serve rapidly growing Northern California. As two banks, we have shared a heritage of history, an ideal of service that have made us natural partners since the feverish 1850's. Now, to this common philosophy, we add the combined skill of our well-trained staffs, the pooling of specialized experience, a substantial expansion of deposits and capital. On this sound foundation, our bank is in a strong position to meet the needs of all customers. As Wells Fargo Bank American Trust Company we welcome the challenge of change in the years ahead.

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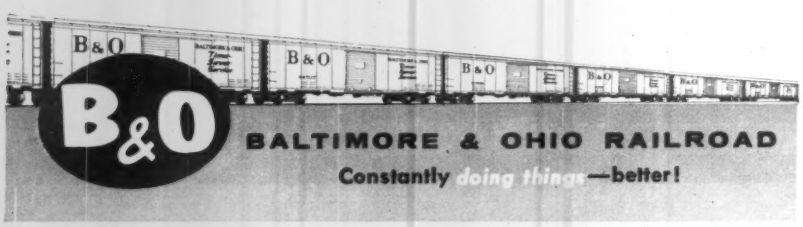


shows a 75 per cent hike in the number of pages covering the workforce and attendant problems. And the number of companies which supplement their annual report with special accountings to employees in the form of booklets, house organs, inserts, and other visual aids has gone up 50 per cent in a single year.

What can be said about labor relations in the annual report? Even a casual perusal of this year's reports will reveal an endless variety of topics. Some of the material is obviously of the "gild the lily" category. Only the nice things are mentioned. Anything as unpleasant as a strike, grievance, slowdown, or leveling-off of productivity remains among the unmentionables.

But not in all cases. The annual report of the Jones & Laughlin Steel Corp. devotes almost two pages to "Industrial Relations," and the steel strike is the focus of editorial attention. Here the company tells the story of the union pressures it faced for increases which it considered to be inflationary for the economy and financially hazardous to the company. It strongly hints that the settlement was a capitulation forced upon it by the possibility of adverse legislation by Congress and the union's strength among the workers.

"We were unhappy with the final settlement," the company admits with a frankness uncommon in a document so public as an annual report.

Taking the bull by the horns

The annual report of U.S. Steel is equally blunt on the subject of wage increases. So important does the company view the thorny issue that the report contains an entire section of "Employment Costs and Inflation," by Robert C. Tyson, chairman of the company's Finance Committee and a member of the Board of Directors.

Tyson writes: "When a powerful union is successful in forcing wage and benefit increases for a large fraction of the company's employees for which it is the exclusive bargaining agent, it follows that appropriate increases must be granted for other employees not so represented—not only as a matter of ordinary equity and justice, but as a necessity in preserving the disciplines and skills required to operate the business. If supervisory skills and experience, for example, are not to be financially recognized, why

continued on page 75

continued from page 74

should anyone bestir himself to acquire such skills and experience?

"Once such a union has secured gains from one company in an industry it is in a strong position to demand similar gains from other companies. And so the contagion spreads."

Another example of how management reported its labor problems comes from the annual report of the Kennecott Copper Corp. "The company suffered major strikes," it states flatly, and then explains why there was no quick settlement: management insisted on a "no-strike" clause as a prerequisite to any contract.

"A no-strike clause was included for the first time. This laid the ground for no-strike provisions with other unions and was a particularly significant accomplishment because the company had operated in the past, with few exceptions, without this protection. This year it [negotiation] was particularly difficult because the company had requested many new provisions and changes in contract language designed to eliminate practices that were interfering with sound operating procedures. The management feels that the new contracts furnish a strong foundation on which to continue the conduct of operations on an increasingly efficient basis."

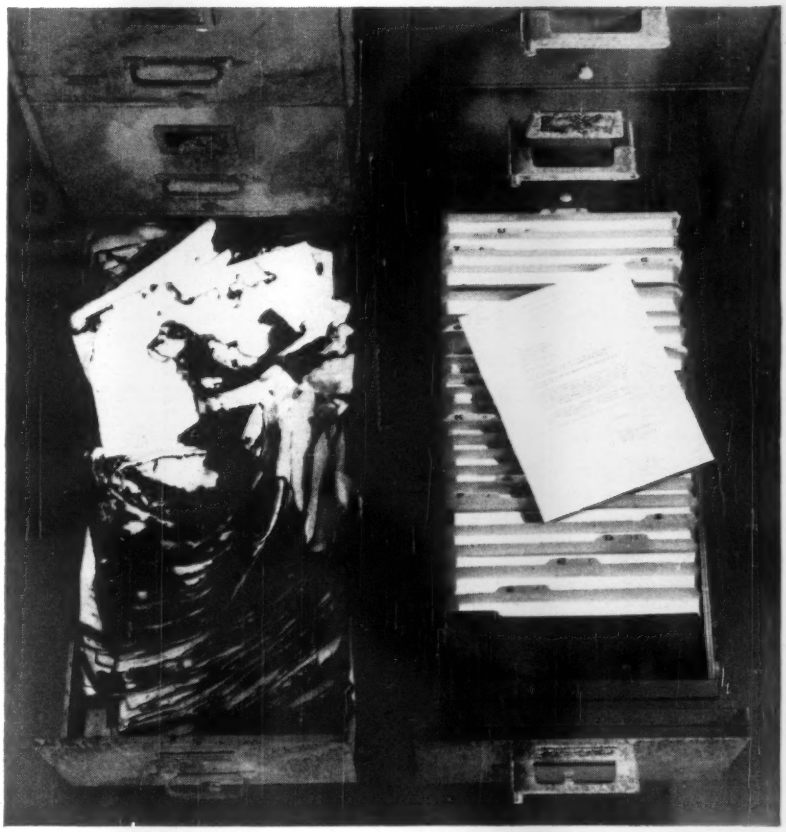
More besides storm and stress

An interesting sidelight on the issue of collective bargaining is contained in the annual report of Phelps Dodge Corp., which tells its stockholders in these words how the company endeavored to minimize employee hardships during a strike:

"During the prolonged strike at the mines, the company provided limited credits to employees and their families; deferred, when necessary, collection of monthly payments for rents and utility services, and continued hospital and medical services and group insurance."

Strikes, strife, and conflict aren't the only side of industrial relations presented in the annual report. Other facets of employee relations are covered in varying degrees of detail. Alcoa tells its stockholders what it is doing to keep its pulse on employee attitudes:

"Employee opinion surveys have been conducted at seven operating locations and in most sales offices in 1959. Approximately 3,000 salaried employees have offered their opinions



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Part One: 40% of the businesses who lose their records in a fire never reopen.

Part Two: Record-destroying fires occur daily, *even in* "fireproof buildings."

Part Three: Ordinary steel record files destroy their contents during a fire by *incineration*, as shown in file at left above. Flames never entered this file but *heat* turned important records to worthless ash.

Part Four: A Mosler Insulated File, like the one above at right, can prevent this from happening. While the *outside* has been scorched, the *contents* have been saved. And so has the business that depended on them!

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Tells you how – new building financing can be arranged through the sale of obsolete facilities.

Tells you how – analysis of current operations leads to the economic justification for relocation and facilities improvements.

Tells you how – to get architectural and engineering plans designed to your specific needs.

Tells you how – relocation and building can be accomplished without expensive mistakes and without loss of executive and manufacturing time.

Tells you how – to obtain building site, financing plan and modern facilities designed for your needs in one convenient package.

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Plan for Building Without Reducing Working Capital.

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anonymously on such matters as supervision, salaries, benefits, and employee communication. The results generally indicate that employees derive real satisfaction from their jobs and regard Alcoa highly as an employer. In those areas where any misunderstanding existed, corrective steps are being taken."

Management development is another area that's coming in for some attention in annual reports. A good example appears in the Alcoa report:

"A total of 207 men have attended [management development] conferences. . . Throughout the company there was extended activity in performance appraisals."

The imaginative annual report is not confined to the larger companies. Some smaller organizations are equally communicative. One such report comes from the Ansul Chemical Company. It rates high in format (artistic), and in presentation (clear, simple, and forthright). The tail end of this annual report features an interview with company president Robert C. Hood, who answered questions contributed by members of the company's various "publics." Queries came from stockholders, customers, community leaders, business editors —and employees as well.

Reports for employees, too

Taking a long look backward and forward, Johnson & Johnson, New Brunswick, N.J., which issues a special report for employees, supplemented its financial picture with a ten-year review of the company and how the employees fared during that period. It drew a dramatic portrait of progress in terms of benefits, wages, security and company stability. Another issue was devoted to a look at the 1960's.

The future was also the subject of a special report sent to employees of American Steel & Wire. Called "Competition—Challenge of the 60's," it included interviews with all the company's top executives on what their departments are doing to prepare the company for competitive times ahead. It made pretty heavy reading—economic projections are not easily translated into ABC's. One of the articles dealt with the heady subject of "depth marketing"—a possible indication that some managements have at long last abandoned the "write down" approach to employee communications.

—LAWRENCE STESSIN

If you find yourself training skilled workers for other companies to sign up—permanently—during your slack season, one manufacturer's idea may show you how you can solve your problem.

Double Duty from Skilled Labor

SKILLED labor is still in short supply in many an American industry—and it represents a special problem in the "captive" shop or plant-within-a-plant that usually makes a single specialized component of the company's major product. If there is a seasonal demand for the company's products, it may be impossible to keep all of its skilled workers on the payroll twelve months a year.

In the television industry, for example, sales curves indicate consistent annual variations of about 300 per cent. People are most inclined to buy TV sets in midwinter and least inclined to buy in midsummer. By simplifying assignments to the point where most jobs can be done by persons with little or no skill, TV set makers have been able to cut payroll costs. But there are some jobs that can't be simplified to any appreciable extent.

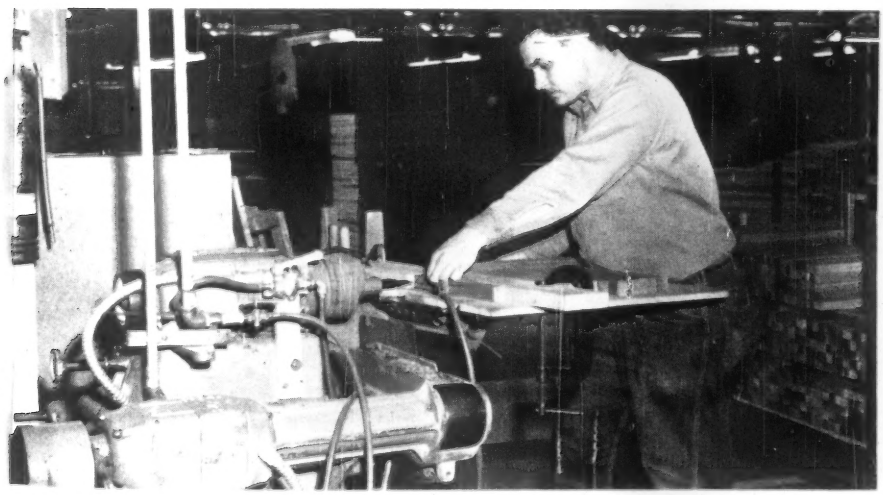
For instance, it's impossible to make good cabinets without skilled woodworkers. Thanks to mechanization, good carpentry doesn't require as much muscle now as it did only a few years ago. But it necessitates almost as much skill as it did in the days of Thomas Chippendale.

Consequently, shops which make wood cabinets for TV sets have in recent years been compelled to spend thousands of dollars each fall and winter training new men who have to be laid off in the late spring—or about as soon as they become competent enough to be of real value to their employers. Since experienced woodworkers are much in demand in shops that have no seasonal employment problems, few of these men return to the companies that paid for their training.

An obvious solution to this problem is to undertake some form of supplemental production which will enable a "captive" shop to keep all of its skilled labor busy throughout the year. But that's easier said than done.

What new articles can the shop make without excessive investment in

continued on page 80



SIMPLE *as this borer looks, it requires a skilled operator. Training him costs the company a substantial sum, an investment that may go down the drain if he's laid off.*

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Customer orders, at the fantastic rate of one every second, flow daily into *Merrill Lynch, Pierce, Fenner & Smith* New York Headquarters. How does Merrill Lynch —the world's largest brokerage house—handle this enormous volume speedily, accurately, and in writing? With the help of Western Union Private Wire Services.

So fast is the Merrill Lynch system that customers' confirmations are in the mail from the customers' branch office the same day of the transaction. For example, a customer in San Francisco will have his written confirmation the day after the transaction. Simultaneously, records at headquarters and branch offices are updated. The pattern of the rapidly changing securities markets is reflected at once to all Merrill Lynch offices.

In a business where absolute accuracy is a must, another Western Union Private Wire Service helps provide faster, positive order-handling. This is Brokerfax the Western Union facsimile service designed especially for brokerage houses. Merrill Lynch uses Brokerfax to receive the hand-written confirmation of odd-lot transactions from the floor of the stock exchange. No chance for transmission error; it's in writing! And market reports, news flashes, instructions and other data are flashed from headquarters to New York branch offices via Western Union facsimile services, too.

How about your company? Western Union Private Wire Services—designed for your company—can handle thousands of details and do it all with error-proof, written accuracy. You'll like the speed . . . and the savings. For more information, wire collect to: Western Union, Private Wire Division, New York, New York.

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Market Information is transmitted to and from New York branch offices through this facsimile concentrator located in the Merrill Lynch main Wire Room.

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Billing Data are processed by computer; go onto Western Union Private Wires for transmittal to originating branch offices.

Over 4,250,000 transactions a year, speeded in part by Western Union Private Wires and Brokerfax, pass through this Merrill Lynch Wire Room at New York Headquarters.

WESTERN UNION

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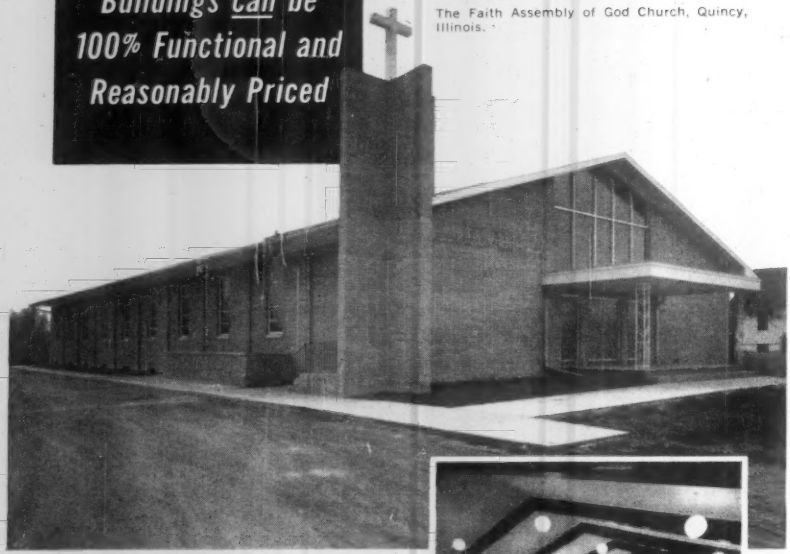
Attractive Buildings can be 100% Functional and Reasonably Priced

The Faith Assembly of God Church, Quincy, Illinois.



Translucent globes provide unusual lighting effects. Rose-blond oak pews will seat 500.

The Faith Assembly of God Church in Quincy, Illinois, has a beauty and dignity that is usually associated with high building costs. Yet economy of construction was one of the reasons for the selection of this 60′ x 120′ Cuckler Building. This attractive church is but one of the hundreds of Cuckler Institutional Buildings now in use.

Cuckler's modern construction methods permit a building to be erected in a short time at a reasonable cost. And you have a wide choice of building materials which contribute to the over-all appearance. Siding, roofing and other materials are selected from the local dealer, for a building tailored to your needs.

CUCKLER BUILDINGS are built with the strength of a bridge, from the finest grade of steel. 100% usable space . . . wall to wall . . . roof to floor (no posts or other obstructions). Widths available: 24′, 32′, 44′, 50′, 60′, 80′ and multiples, for buildings of any length.

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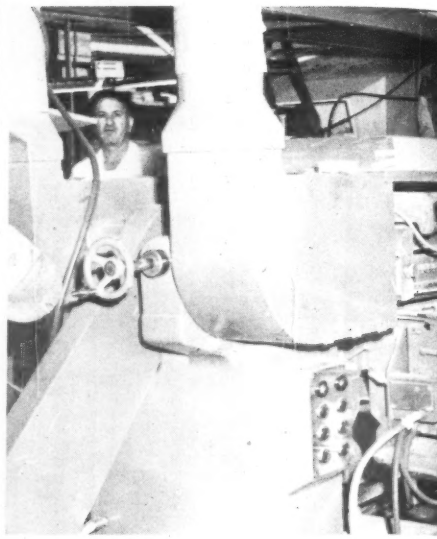


THIS BIG *German sander was one of the few purchases Packard-Bell had to make when it diverted its "captive" shop produc-*

continued from page 77

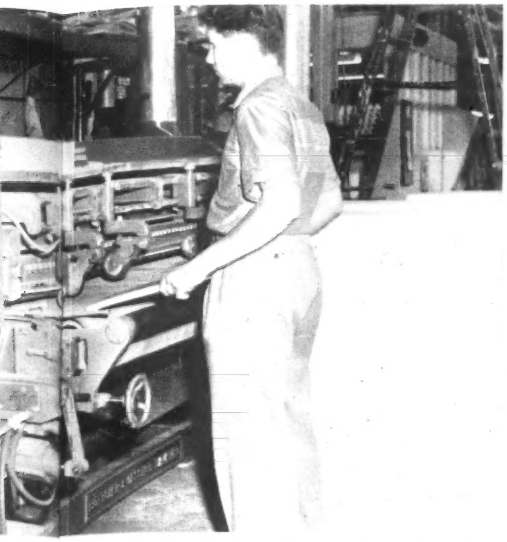
new equipment? Where and how can the new products be sold at a fair profit? These are among the questions that have discouraged the owners of "captive" shops to the point where they have literally been willing to keep on paying the cost of training workers for other companies.

At least one company decided to find out the answers to those questions by starting a new operation, let the chips fall where they would. The Home Products Division of Packard-Bell Electronics, Los Angeles, has introduced supplemental production in its "captive" shop that makes cabinets for radio, television, and high-fidelity phonographic equipment.

According to Allen H. Suard, manager of the cabinet department, Packard-Bell's supplemental production program was preceded by exhaustive engineering and market surveys which among other things indicated that:

- The cabinet shop was equipped to produce certain types of furniture without a sweeping change of setup.
- There was a large, unexploited demand for modern walnut tables.

In order to make tables that would meet exacting consumer requirements, the company next proceeded to have a new design prepared by two experts—Kipp Stewart and Stewart MacDougall. And since Packard-Bell's regular sales organization lacked both the time and experience to handle the new marketing operation, the company established a spe-



tion for the "slow" season. Bought primarily for sanding tabletops, it can be used in the shop's routine cabinet work as well.

cial sales force to push its new line.

Suard and his associates found that they could not launch production simply by rearranging the available machine tools. They did, however, find it possible to use much of the machinery they had. And in buying new tools they were able to acquire some that could be used in the manufacture of both tables and cabinets. A huge new Bottcher-Gessner sander imported from Germany, for example, has raised the shop's over-all level of productivity.

Manufacturing tables necessitated only one major change in the basic cabinet production setup. This involved modification of one of the two 1,350-foot power conveyors in the finishing department, so that it could handle pallets with larger dimensions.

The cost of this modification and of installing a few special fixtures for table production was far too modest to mean a severe loss in the event the program didn't work out.

At this writing, the Packard-Bell shop has made at least one run of all items in the new furniture line.

"So far," Suard reports, "we have every reason to believe that the results of our preliminary surveys were exceedingly accurate. We aren't exactly making money from supplemental production as yet, but we are approaching the break-even point. And for some time to come, we're going to be very happy if we can make the new program pay for itself."

—THOMAS A. DICKINSON

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The blue figure on the assembly line above could be a Townsend man in your plant applying the Townsend Method of reducing unit costs—increasing profits.

He will apply his knowledge of special fasteners, tooling and the latest assembly techniques to your products. He will seek for ways to effect substantial savings through reduction in material costs and improvement in assembly speed. He may design a special fastener or part or even an intricate stamping to solve a difficult problem for you with the assistance of engineering talent in any one of our several divisions.

The Townsend Method is described in detail at right. To put it to work in your plant write F. R. Dickenson, President, Townsend Company, Beaver Falls, Pa. There is no obligation.

THE TOWNSEND METHOD

★ Investigate the present methods, special fasteners and small parts used in assembly of your products.

★ Evaluate your design in relation to assembly, unit costs and appearance.

★ Eliminate wasteful, time consuming, costly methods as well as expensive fasteners and parts.

★ Coordinate the design function with project engineering to assure most economical tooling and assembly.

★ Estimate possible savings which can be translated into increased profits for you.

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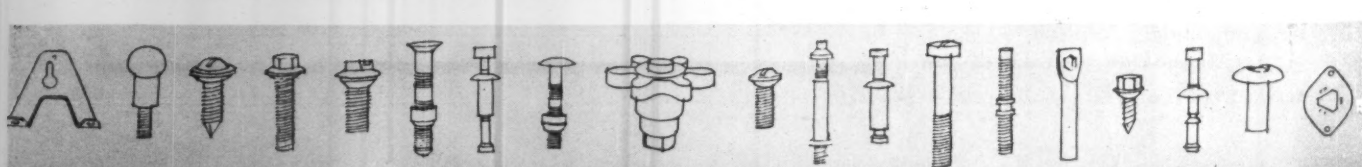


AWARDS:

Bestow Them and Benefit

More companies are discovering the value of an awards program in building good will, promoting the company image as a leader in the industry, giving a lift to sales.

A FEW weeks ago David A. McLean, a development engineer for Bell Telephone Laboratories, stepped up to the dais at a Waldorf Astoria banquet and accepted a handsome, original piece of abstract bronze sculpture. His method of producing microminiature electronic components and circuitry had won out over 109 impressive entries in the third annual Miniaturization Award offered by Miniature Precision Bearings, Inc., Keene, N.H.

MPB is only one of a growing number of companies currently handing out cash, plaques, certificates, and original art to other companies and their employees. For these donors the distinguished professional award is proving to be a highly valuable public relations vehicle.

Named "Traffic Manager of the Year" by North American Van Lines, Frank L. O'Neill, (right) general traffic manager of Minnesota Mining & Manufacturing Company, receives his award—an original bronze sculpture by Abram Belskie. Presentation is being made by North American's president, James D. Edgett.

Properly conceived and executed (see box, page 85), an awards program gives the sponsoring company:

- Opportunity to assume a statesmanlike role in its industry
- A means of projecting a desirable company image to customers, prospects, and others in industries not normally reached by its salesmen
- An occasion to acknowledge leaders in the industry (and, incidentally, to bask in their reflected prestige) by getting them to join a panel of eminent judges
- Added ammunition for salesmen—something extra for them to talk about, and
- Opportunity to point up the importance of winners' activities (which, of course, tie in with the donor's sales objective) to *their* employers.

Unfortunately, some high-sounding awards programs are nothing more than crassly contrived sales gimmicks, about as impartial as a baseball manager during a ball game.

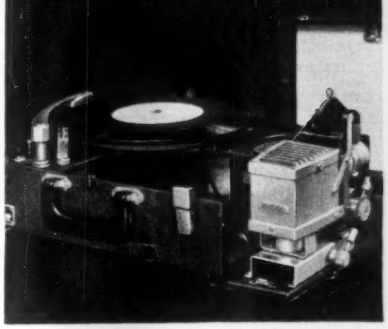
And in the same category are awards that make pretentious claims they were never intended to fulfill.

An award campaign is most successful when it has a clearly defined objective *and* fulfills a real need to recognize a specific group or function.

Because North American Van Lines' new Traffic Manager's Award (see photo) salutes a hitherto unsung profession (and isn't tied to N.A.V.L. customers), it won the cooperation of traffic clubs and Delta Nu Alpha, the national traffic fraternity, both of which sponsored entries for the first competition.

Not all successful programs, however, are so far removed from the cash register. Mead Papers, Inc., Dayton, to court "merchant" (wholesaler) salesmen who sell dozens of competitive lines, frankly sponsors an award not only for these salesmen and their printer customers, but for their *cus-*

new McClure PICTUREPHONE PORTABLE SOUND SLIDEFILM PROJECTOR



Ideal for Salesmen's Use

ONLY 13 LBS.

Simple to use

33⅓ • 45 • 78 RPM
Up to 18 Minutes per Side

AUTOMATIC FILM FEED AND REWIND

SELF-CONTAINED SCREEN . . . NO NEED TO DARKEN THE ROOM

Can Also Be Used On Conventional Screen

HI-FIDELITY SOUND

LOW PRICE

WRITE TODAY!

McCLURE PROJECTORS, INC.
P. O. Box 236D
1122 Central Ave., Wilmette, Illinois
Gentlemen: Please send complete information and prices.

Name _____

Firm Name _____

Address _____

City _____ Zone ____ State ____

tomers' customers and *their* advertising agencies and employees!

For ten years Mead has been awarding three monthly certificates for the best printing job done on its paper. This year Mead added a final, annual award. "Merchant" salesmen, who submit all entries, get $25 if they pick a monthly winner, $300 if the customer cops the top award.

Mead presents certificates not only to the printer who did the winning job, but to the client who ordered it and to the advertising agency that designed it.

In addition, every man in the print shop who worked on the job gets a certificate. Mead calls the program "good will in depth."

A brand new award just announced by The Hamilton Skotch Corp., New York, will reward retailers for the best promotions on outdoor living products—of which the Skotch Kooler is one. Awards (plaques and scrolls) will be given in July for the best displays, publicity, telephone campaigns, contests or direct mail campaigns.

To make sure the big chains, which can easily turn out slick promotions, don't win all the blue ribbons, prizes in the Hamilton Skotch contest will be broken down by type of outlet.

Some retailers and wholesalers pull a reverse switch by offering awards to their suppliers. Hess Bros., Allentown, Pa. department store, rewards 38 manufacturers from all over the world for "Versatility in Design and Use"—to suitable accompanying fanfare.

For 15 years, one giant Philadelphia wholesaler, the Supplee-Biddle-Steltz Company (toys, hardware, garden equipment, sporting goods, and so on) has been handing out a silver bowl to the supplier of the "Line of the Year."

The latest winner of this contest, the Pennsylvania Power Mower Division of the American Chain & Cable Company, Inc., of Exeter, Pa., was hailed on receiving the award for "recognized consumer acceptance, profitability and volume." S-B-S wants its manufacturers to know they appreciate a good line well merchandised.

Judges are as important to an award program as the prize, since the prestige of the whole program can hinge on their prominence.

The best "impartial," "distinguished" jurors are college professors, trade paper editors, officers of trade and professional groups, Government experts, and specialists in the field. Presentation speakers are also picked from these ranks.

The heart of any award, however, is the publicity that goes into and comes out of it.

Soliciting entries takes promotion: advertising, press releases, direct mail —even, as in the case of Miniature Precision Bearings, telephone contacts with any likely prospects who come to the committee's attention. The caliber of the competition rests on the quality of the companies which submit entries.

The kind of publicity sought for an award depends on its objectives. For example, in Mead's "Award of Excellence" the sponsor creates for winning printers (to send out to customers) a complete direct-mail piece which illustrates the award certificate. Moreover, this year's top winner, Emerson Imperial Division of the Emerson Electric Company, St. Louis, is sending out a folder to *its* jobbers publicizing the winning Mead certificate.

Other companies may be as much

What's A Good Award?

"Design your award to add to public awareness of a development or function—and avoid a commercial tinge that might cheapen it," advises Paul B. Zucker, executive vice president of Ruder & Finn, New York public relations counselors. Veteran of many a prestige program, Zucker says that in order to come up with an effective award, the sponsor should:

- Prepare a carefully thought-out set of criteria that clearly define the type of entry desired
- Fill a real need for recognition (and not duplicate an existing award)
- Direct the program to a specific group of entrants
- Actively solicit entries
- Support the project with advertising
- Plan for adequate publicity before, during and after the presentation
- Enlist the support of trade and business publications, trade associations and clubs in the field, schools and colleges
- Recruit qualified, distinguished judges whose disinterestedness and integrity are beyond reproach
- Offer a significant prize, either monetary or uniquely symbolic
- Allow sufficient time for planning, organizing, and obtaining entries—from two months to a year
- Make it as easy as possible to enter the contest via simple entry blanks and other forms

interested in the prestige they can gain in their communities as in the publicity they get in their own fields. The award sponsor can help with press releases and photos to hometown newspapers. MPB, for instance, advises its winners and their companies on how to get local and trade publicity for their achievements, as well as urging that they mention their awards in their advertising.

Clairol, Inc., New York manufacturer of hair dyes which sponsors a successful art contest for beauticians ($1,000 first prize), sends 72 of the best pictures on a tour of banks, department stores, public libraries, and so on. Often this exhibition kicks off special parties for local beauty shop operators.

Of the many ingredients that go into a successful awards program, time ranks high in importance. After a company hits on a suitable unsung group that could use an award, finds impeccable judges, unearths superb entries, advertises and promotes everywhere—it must then allow a few years before the program gains momentum and develops real stature for itself and its company.

—CLAIR TRIEB SLOTE

Reflecting the tremendous growth of Philco's computer business, this huge new ultra-modern plant is devoted exclusively to research, engineering, manufacturing and marketing of Philco Electronic Data Processing Systems. Comprising nearly a quarter-million square feet of floor space, it is headquarters for a staff of more than 1200 electronic scientists, engineers and skilled technicians. Fully-equipped with the most advanced research, testing and production facilities; manned by the leading scientific skills in the industry; it is the nation's outstanding computer plant. This new Computer Center will enable Philco to keep pace with the rapidly expanding demands of industry, government and science for the Philco 2000 Large-scale Data Processing System. You are cordially invited to visit the new Philco Computer Center and see the Philco 2000 in operation.

Computer engineers and scientists are invited to investigate the advancement opportunities at Philco.

PHILCO 2000 DATA PROCESSING SYSTEM
World's First in All-transistor Logic and Circuitry

PHILCO®

Famous for Quality the World Over

PHILCO CORPORATION • GOVERNMENT & INDUSTRIAL GROUP
COMPUTER DIVISION • 3900 WELSH ROAD, WILLOW GROVE, PA.

This revolutionary new form brings you operating data faster

Speediflex is a patented product of Moore Business Forms, Inc.

Faster reports permit no interruptions in machine runs. Moore's Speediflex removes much of the forms-handling trouble that has caused interruption, delay and 'down time.' It is a new positive control in achieving trouble-free runs, simplified handling and, in many cases, savings.

These benefits are due to a special flex-cut construction built into Speediflex. It lets continuous forms flow freely and naturally, with no wrinkling or tearing, and without the 'tenting' and 'peaking' that cause trouble. Printing in perfect register, on every copy, is possible because there is exact part-to-part alignment of parts at the point of writing.

These are a few of the Speediflex benefits Moore men are demonstrating in business offices throughout North America. A Moore man will be glad to drop in on you—just write the nearest office.

Build control with **MOORE BUSINESS FORMS, Inc.** Niagara Falls, N. Y. • Denton, Texas • Emeryville, Calif. • *Over 300 offices and factories throughout the U.S., Canada, Mexico, Cuba, Caribbean and Central America.*

MOORE ®

Moore Speediflex

Facts from a new survey . . .

Executive Jobs:
Less Room at the Top

Executives on the lookout for greener pastures will find the view somewhat bleak in the months ahead. According to a new survey of 145 big industrial concerns, the demand for top management people in the next six months will be well below that of the second half of 1959.

The average big company plans to hire about 22 per cent fewer executives than it did in the earlier period, according to the findings of the survey, conducted by the Executive Manpower Corporation. In the 145 firms responding, 365 top jobs will be looking for the right man. Slightly more than half of the positions will be newly created; the rest, replacements.

The biggest unmet need in the management hierarchy is for sales executives. More than one quarter of all the executive openings reported were in that category. Engineering management and manufacturing production specialists trailed behind in demand. This represents a shift from last year, when large corporations' most urgent needs were for manufacturing/production executives, followed by engineering and sales.

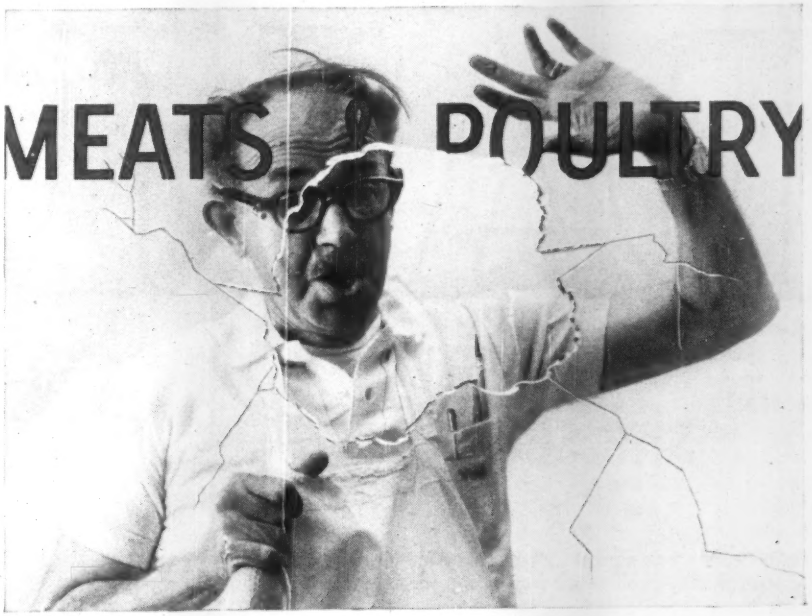
The salary picture

Most of the job openings covered by the survey would pay from $10,000 to $20,000 a year. Nearly 13 per cent fell in the $20,000–$40,000 range. Only 3 per cent of the positions were in the $40,000–$75,000 category.

Executives looking for advancement will still find their best opportunities close to home. According to the survey, nearly two-thirds of the companies plan to hire their new top people from within. The attitude of those who are looking to other sources (executive recruitment firms, agencies, and advertisements) is summed up by John L. Handy, head of New York's Handy Associates. "Companies realize that they cannot play major league ball with a minor league team," he says. "When the pressure is on, top management does not want to work with blunt tools—even if they have the sentimental value of long use."

—END

This man is "Ready-to-Buy"



Coming soon...a new way to reach your most valuable market... the people who are "Ready-to-Buy!"

Universal KEYTRONIC Sorting Machines
Bring Automation To Volume Sorting

These machines are precision built to sort original forms instantly and accurately. Six models available to handle forms from 2¾ to 11½ inches in width and up to 12 inches in length. Present users report as much as 75 per cent savings of cost and time over manual methods.

If you will furnish information concerning your requirements—methods of sorting, volume, etc., Universal will gladly evaluate your requirements and make recommendations accordingly.

Economy Plus Quality

Speed

Versatility

Simplicity of Operation

UNIVERSAL BUSINESS MACHINES, INC.
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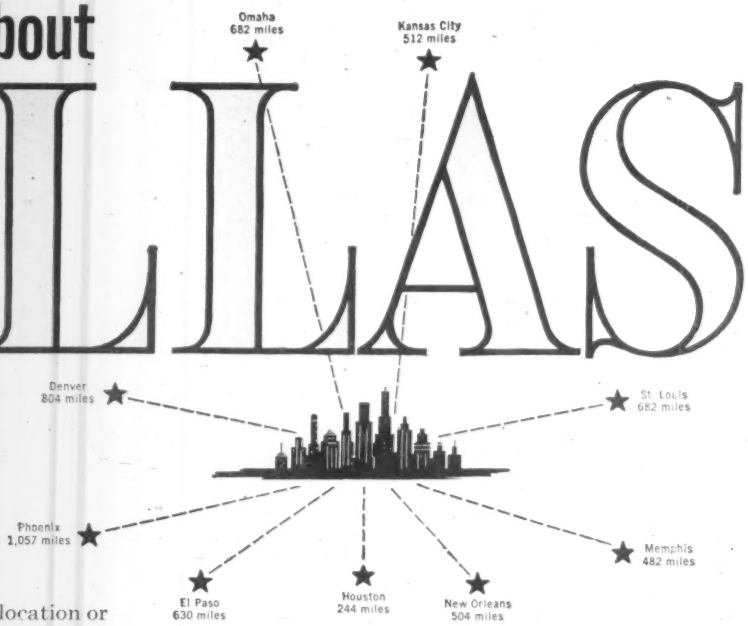
information about DALLAS for industrial site seekers



Dallas offers you unusual opportunities for relocation or expansion. Raw materials and labor are abundant. Markets for your products are readily available. Choice industrial sites are plentiful. So if the following information about Dallas interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

LABOR: Labor force of 424,100 within Dallas County. Increase in employment of 45% since 1950, and 162% since 1940. Average education 11.8 years in 1950 Census.

POWER: *Electric:* 1,131,000 KW daily generating capacity of Dallas Power & Light Company for City of Dallas in 1960. An estimated 200,000 KW for suburban communities by two other power companies.

Gas: 351 million cubic feet of natural gas delivery capability to Dallas within 24 hour period; supply backed by over 13,000 wells within 200 miles of Dallas.

Fuel Oil: Unlimited commercial supply. Three major pipelines—Mobil, Texaco, and Humble—come into Dallas area.

TRANSPORTATION: The Rock Island and eight other railroads; 32 interstate common motor carriers; 17 intrastate common motor carriers; six airlines; five bus lines.

HOUSING: 118,263 new dwelling units in Dallas County since 1950. Residential suburbs within 13 miles of downtown. Federal Housing Administration data indicates the fourth lowest residential construction costs among major cities. Average rentals, $20-$25 per room per month, unfurnished, with partially paid utilities. Substandard areas being cleared by extensive freeway program, and areas reclaimed by city renovation program.

THE COMMUNITY: 117 elementary schools averaging 28.7 students per class, and 29 junior and senior high schools averaging 30.2 students per class.

In addition, there are 24 private elementary, and seven private high schools. There are four universities and colleges in Dallas. 115 parks and seven community centers. Eleven major hospitals, and 1,106 physicians registered with County Medical Association. A city budget of $2,150,000 for general health and welfare.

Per capita state taxes 13% less than 48-state average, and per capita city taxes 12% less than other cities of comparable size, according to the Bureau of the Census.

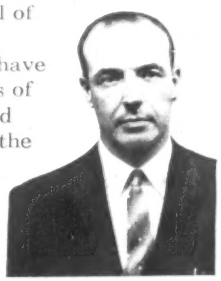
COMMERCIAL SERVICES: Based on the Standard Industrial Classification Code, Dallas has 1,954 manufacturing concerns distributed among each industry type, with concentrations of machinery, electronics, fabricated metal products, transportation equipment, and food product firms.

With the exception of manufacturing and retail trade, no economic activity accounts for over 10% of total employment.

Over 200 commercial contractors, including three of the ten largest in the South.

CLIMATE: Average mean temperature: January, 45.8; July, 84.8; annual, 65.9. Average mean rainfall: May, 5.0"; July, 1.7"; annual, 2.8" per month.

The man who knows Dallas industrial sites like the back of his hand is Wayne C. Gault of the Rock Island's Industrial Development Department. Mr. Gault and his staff are typical of Rock Island specialized personnel who, during the past three years, have helped locate over a billion dollars of private industry along Rock Island tracks. He can help you find just the spot you need. For full details, write, wire, or phone W. C. Gault, 720 Young St., Dallas, or Industrial Department, 142, Rock Island Lines, Chicago 5.



Rock Island

ROCK ISLAND LINES

The railroad of planned progress

. . . geared to the nation's future

Managing Your Manpower

LAWRENCE STESSIN

There's an "idea explosion" in industry today—with workers paid more for suggestions than ever before.

A single new idea may open new markets, introduce new production techniques, save you thousands each year.

THE granddaddy of employee incentives—the suggestion system—is enjoying a new lease on life. The old codger has been dispensing money like a repentant millionaire. Last year he paid off on 1.6 million ideas, a record in his 80-year lifetime. At General Motors alone he took the rubber band off his bankroll to the tune of $4 million. Among the recipients of his largesse was a grandmother at the Fisher Body plant who collected $5,000 for using her gray-haired head to improve production. And at U.S. Steel a couple of burly blast-furnace workers shared a whopping $32,000—the highest suggestion award ever paid in American industry—for finding a new way to recover molten iron from slag.

What's behind the spurt of activity of an incentive device that, before World War II, was given up for dead? First, inflation has caught up with suggestion systems. The crisp $1 or $5 bill that used to be standard for an acceptable idea is no longer a lure. At Sylvania Electric Products, the maximum has been upped to $25,000. Other companies go even higher. Some give the worker a percentage—usually 15 per cent of the gross savings for the first year, no matter how large the sum may be. Minimum awards for improvements that do not necessarily save money but are worth adopting average about $25.

Another development that has spurred employees is access to outside profits from inventions or patents. Standard suggestion rules used to provide that if an employee idea was original enough to patent, the company garnered all the gain after the original payment. This restriction discouraged workers from coming up with really important innovations.

The problem of loyalty

Sometimes an employee who had cooked up a unique money-saving gadget or machine would quit and market his brain-child to an outsider for royalty payments. In recent years, many an electronics firm got its start when an engineer or technician developed something new and decided to take a chance on his own, rather than turn the mechanism over to the company.

With the advent of automation, where a single new idea can mean new markets, management has taken a big leap forward in protecting the employee from niggardly payment for money-making ideas. At IBM the employee retains title to his invention and can license other companies to produce and distribute the product. (IBM, of course, gets first crack at his idea.) And if the inventor dies, his beneficiaries are protected and receive the awards.

Behind the "idea explosion" in industry is the increasing participation of management people in suggestion-system plans. Time was when the supervisor, department head or executive was ineligible to garner any kudos for ideas. Thinking up cost-saving improvements was considered a part of his job, and credit—either in the form of money or commendation—was normally withheld. This notion is fast going by the board. Fred Denz, manager of the Suggestion Plan of Remington Rand and one of the pioneers of suggestion systems in America, has just completed a study of supervisory participation in the nation's industrial idea mart. His findings show that over 70 per cent of

Suggestion Success Story

Anyone who is thinking of junking the company suggestion box would do well to consider one of the classic stories of American industry:

Christian Steenstrup was a production line worker for General Electric. Being a man of ideas, he was always "pestering" his foreman with suggestions. They fell on barren ground. One day when the supervisor was on vacation, the plant manager stopped to chat with Steenstrup. The line worker mentioned one of his rejected ideas and the manager pounced on it—it proved to be the solution to a serious safety problem.

When the foreman returned, he fired his subordinate. "I was told," Steenstrup later recalled, "that we had men in the organization to advance such ideas, that I was sticking my nose into things which were none of my business." But when the plant manager heard of his plight, he reversed the decision.

Steenstrup went on to become an outstanding engineer, a close associate of Dr. Steinmetz himself—and one of the most prolific idea men in GE's history.

learn how

DUO-FAST

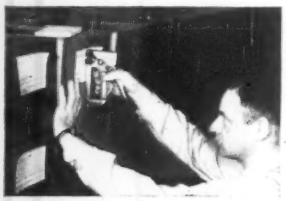
Staplers · Tackers · Nailers can save you money

Thousands of industrial plants are finding the cost cutting solution to their fastening problems in the DUO-FAST Line.

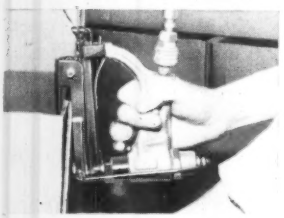
Whether it be a nailing job, a problem of stapling corrugated, assembling wood parts, or doing a fastening operation in a hard-to-get-at place—there is a DUO-FAST tool to do the work and save you money in the process.

A trained staff of stapling experts, working out of more than fifty DUO-FAST offices, are eager to assist you. They may be able to cut your production costs.

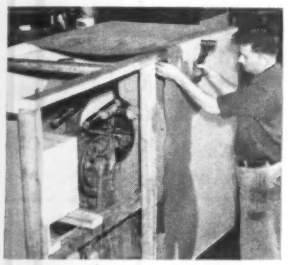
DUO-FAST Staple Nailing beats hand nailing 5 to 1 on assembling wood frames, expendable skids, making up shipping crates, etc.



DUO-FAST Air Tackers are small, easily portable units that are doing a whale of a production job for a whale of a lot of industrial plants.



If you can't take the work to a stationary stapling device, take the stapler to the work as shown here. The DUO-FAST Air Plier is a fine problem solver.



Many jobs can be speeded with DUO-FAST Gun Tackers and Hammer Tackers like attaching a protective liner to a crate as shown here.

Send for the address of your DUO-FAST representative and a copy of the helpful DUO-FAST Stapler, Tacker, Nailer manual.

FASTENER CORPORATION 3758-68 River Road, Franklin Park, Illinois

0271

DUO-FAST Staplers Tackers Staples

Everything you need for tacking, stapling and nailing.

the companies questioned draw no distinction between worker and supervisor eligibility.

One outfit surveyed makes everybody eligible for cash payments—"all except the President of the company." Others have no such bar—although there is no evidence of a company president showing up at a suggestion ceremony to give *himself* an award. In one organization, even members of the Board of Directors can jot down an idea and drop it in the box. But, the head of the suggestion system announced ruefully, "there have been no participants on that level."

What prompted management to include supervisors and higher echelons in the system was the current emphasis on creativity.

"We realized that by excluding management men from our suggestion system we were shutting off the real brains of the organization," says one. "The trend in suggestion systems is to reward original thinking."

Another company decided to count the supervisors in on suggestion awards when its employee opinion poll revealed that workers considered it unfair to omit foremen and department heads from eligibility for cash rewards.

Supervisors hit the jackpot

The firms which have supervisors taking part in their suggestion systems have discovered that the quality of ideas has improved immeasurably. "Suggestions from supervisors," the Denz report points out, "are found to be of higher quality and more often than not result in annual savings to the company of significant amounts."

But not all companies find it necessary to hold out money as the principal bait for suggestions from management men. There are a few successful plans where the major award is a pat on the back. At the Ford Motor Company this doesn't seem to stifle creativity. The company has a "Management Proposal Plan" which is run separately from the employee suggestion system. The winners get no money—yet last year a higher percentage of supervisors turned in ideas than did rank-and-filers.

What is in it for the Ford manager? Here is the company's own answer in a letter sent to supervisors when the plan was launched:

Your effort in submitting a useful idea to the company under the Management Proposal Plan is given recog-

nition in the following manner. If your proposal is adopted and put into effect, you will receive a personal letter of commendation from your plant manager. A merit certificate will also be awarded to you at the time of the commendation.

The letters of commendation which you receive for proposals become a permanent part of your personnel record. In addition, a record of all the proposals you submit, and benefits resulting from them, is maintained as part of your personnel record. This record is the basis for a periodic report to Management which is made available when you are being considered for a merit increase or a promotion."

continued on page 92

Labor Tips and Trends

PROBLEM: Statistics on alcoholism in industry grow more startling every year. Dr. Robert Hanna Felix, director of the National Institute of Mental Health, says that there are now over 2 million alcoholics employed in industry and that 29.7 million working days were lost last year from excessive drinking. He also says that alcohol is responsible for about 1,500 serious on-the-job accidents a year.

FOR THE LADIES: Management should sharpen up its techniques for handling women workers. The Department of Labor reports that by 1970 there will be 30 million women workers in industry. This is 6 million more than are now in the workforce.

WHAT, NO MONEY? Young engineers and scientists embarking on their first jobs are changing their objectives. Starting salaries are now seventh on the list of reasons for joining a company, according to a study by the National Industrial Conference Board. First is "Potential growth of company," second is "Challenging opportunity," and third is "Company's prestige and reputation."

STATUS: The coffee break has now become the No. 1 fringe benefit in American industry. It's been estimated that 27 million workers, blue- and white-collar, get an average of 20 minutes off a day to recharge their energies with coffee.

• Many plant operating people responsible for specifying conveying systems today are demanding equipment that is right *for them*—that will fully meet *their* individual requirements. They are looking beyond the price—to design and quality.

Mathews Engineers are giving these people a complete conveyer service—from the first proposal through installation—and equipment that is delivering outstanding performance.

GENERAL OFFICES ..... MATHEWS CONVEYER COMPANY
Ellwood City, Pennsylvania
WESTERN DIVISION ..... MATHEWS CONVEYER COMPANY WEST COAST
San Carlos, California
CANADIAN DIVISION ..... MATHEWS CONVEYER COMPANY, LTD.
Port Hope, Ontario, Canada

Over Fifty Years of Leadership in Mechanized Handling

MATHEWS

WHY

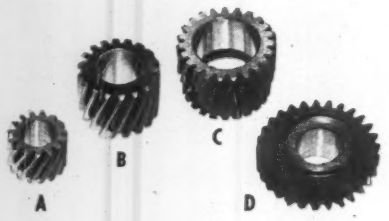
Microhoning* Transmission Gears Simplifies & Improves Production

Improved product performance and simplified processing – two major factors that are accelerating the swing to Microhoning. Typical of this swing is a major manufacturer of regular and compact automobiles. In the processing of gears for automatic transmissions, this company selected Microhoning for a number of flat surfaces, bores and O.D. of a housing hub–**HERE'S WHY!**

SIMPLIFIES PROCESSING

Double surface Microflat machines simultaneously Microhone both flat surfaces of pinion and sun gears–first, to obtain proper thickness and parallelism on soft gear blanks. This simplifies subsequent operations (boring, hobbing, chamferring, etc.) by eliminating former orienting of gears to a single finished surface.

The second Microhoning of these flat surfaces, after heat-treating to 59 R "C", quickly removes all burrs and generates final accuracies and surface finish.

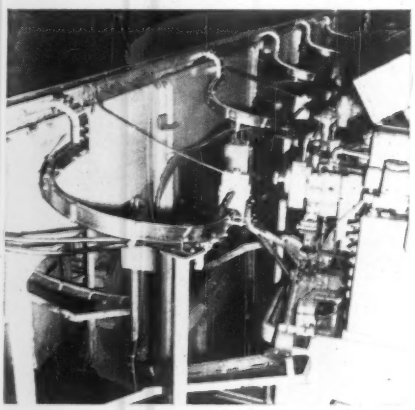


"A"–pinion gear for large transmission "B", "C" & "D"–pinion and sun gears for compact car transmission

EFFICIENT PRODUCTION

After the second flat-Microhoning operation, gears are conveyed to Microhoners for processing the bores. Typical, of the production efficiency realized on all gear bores, is the bore-Microhoning of pinion gears (nine are used in each large transmission).

On eight Microhoners these pinion gears are automatically loaded, positioned, bores Microhoned, checked for size, segregated and ejected (see photo to right). This wholly automatic sequence takes about 18 seconds per gear. Only one set up man is required to keep all eight machines in operation.



An average of .002" stock is removed from each bore; generated surface finish is 10 microinches, rms; roundness and straightness are held within .0001" tolerance; diameter within .0003". Comparable results are obtained on other gear bores (see facing page).

This efficient precision production assures consistent results. Also, reliable precision on component parts is a prime answer to "Why" better performing automatic transmissions are obtained.

*Registered U.S. Pat. Off.

PRECISION PRODUCTION THROUGH MICROMATIC

MICROMATIC HONE CORP.

8100 SCHOOLCRAFT AVENUE · DETROIT 38, MICHIGAN

continued from page 91

The resurrection of suggestion systems in this country has not been accomplished without a graveyard of failures. Until about ten years ago, the dead and dying outnumbered the new plans.

According to Denz, the reasons for failure were:

1. Management indifference.
2. Supervisory resistance — foremen felt that employee ideas were a reflection on them.
3. Too small rewards.
4. Red tape and delay—the worker's enthusiasm grew cold when management took too long reaching a decision.
5. Incomplete or incorrect answers to suggestions.
6. Poor promotion of the system.
7. Refusing to reconsider a proposal once it had been examined and turned down.

The reluctance to give an idea a second glance has been the barrier to successful operation of many a suggestion plan. A worker sometimes feels that management has missed the boat in appraising his idea. But he is not always so articulate as he might be in expressing what is on his mind. He wants the opportunity to clarify his suggestion or to appeal the company's decision.

Modern plans, like the one operating at IBM, provide for specific "reinvestigation" procedures during which a worker can re-submit his idea with added explanation. Other companies take an additional precaution. They encourage the employee to work out his idea with his supervisor. Together they construct the suggestion, with the foreman providing experience and know-how. When such joint collaboration produces an award-winning idea, the supervisor is given a token stipend, or a letter of commendation goes into his personnel file.

One of the keys to a successful suggestion plan is promotion. At IBM, President Thomas J. Watson, Jr., briefs himself on suggestion winners whenever he sets out to visit one of the plants. He makes it a point to stop by the employee's workbench to congratulate him. And at one of the IBM plants, the top idea man- or woman-of-the-month gets an exclusive parking space right near the front entrance, with his name conspicuously painted in it.

Plough, Inc. of Memphis, Tenn., gives its top winners for the year a

chance to draw lots for an extra week's paid vacation. Remington Rand runs an annual "S [Suggestion] Day": last year 1,096 ideas cropped up in a single 24-hour period.

United Airlines in Chicago has an honorary club for those whose ideas save the company $10,000 or more, and members of this exclusive organization receive special merchandise prizes. United Airlines also avoids employee suspicions about management appraisal by staffing its suggestion committee with rank-and-filers. The first go-round of any idea is in a worker group, but this poses an unexpected problem: Employees are prone to undervaluate other employees' innovations!

What will the union do?

Over the years union objections to suggestion systems have died down. During the late '30's, organized labor labeled such plans "speedups" and charged that management used them to cut down manpower and eliminate jobs. In some instances, union negotiating committees demanded that the suggestion system, its procedures, *and* the payments be made subject to collective bargaining.

Their efforts were fruitless. Suggestion systems have remained a "management prerogative." But now the situation is different. Union officers are more sophisticated and less hostile to managerial cost-saving programs. In fact, it is not unusual to find union officers, such as shop stewards, participating in suggestion plans. At Remington Rand, union officers have been among the highest award winners.

Sometimes when a worker is unhappy about the amount of his award, he will take the issue up with his union. But most unions avoid controversy on this point. The matter may be discussed informally, but it is rarely taken up through the formal grievance machinery.

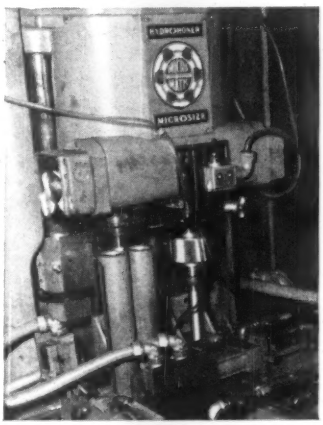
With employee ideas flowing into industry at over a million-a-year clip, is there any danger that a saturation point will soon be reached? Fred Denz, veteran in the suggestion business, has a ready answer:

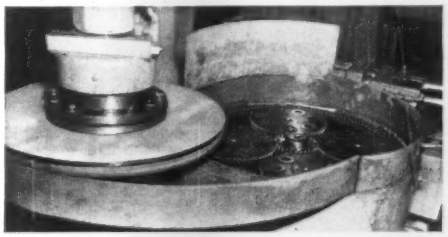
"In 1880 the head of the U.S. Patent Office recommended the abolishment of that office because he felt that most of the important ideas had already been thought of and patented. Since that time over 2 million patents have been granted." END

HOW

Microhoning* Transmission Gears Simplifies & Improves Production

A major manufacturer of regular and compact cars has selected Microhoning as the most efficient method for securing consistent precision, controlled surface finishes, and simplified processing. Microhoning is used on the flat surfaces and bores of a number of transmission gears plus the O.D. of a housing hub. **HERE'S HOW!**





Flat-Microhoning small transmission gears—head is swung to left for easy loading.

Bore-Microhoning—both spindles fed simultaneously.

FLAT-MICROHONING

Both faces of a variety of transmission gears are simultaneously Microhoned. First, soft gear blanks are flat-Microhoned to secure proper thickness and parallelism within .0003", and a finish of 30 microinches (rms) or better. This simplifies subsequent processing by eliminating formerly required orienting of part to only one finished face.

The second flat-Microhoning of faces, after heat-treating to 59 R "C", quickly cleans up all burrs while generating final accuracies and finishes.

BORE-MICROHONING

The Microhoning of bores for large transmissions is described on facing page. The smaller transmission uses pinion and sun gears having various bore sizes (.697"D. x 3/4"L., .697"D. x 1-3/32"L., 1.030"D. x 7/8"L.).

To generate roundness, straightness, size and surface finish, these bores are processed on double-spindle Microhoners equipped with shuttle-type fixturing. Straightness and roundness are held within a .0003" tolerance, diametric size within .0005". All gear bores are processed in an average 26-second cycle that includes loading, Microhoning and ejection.

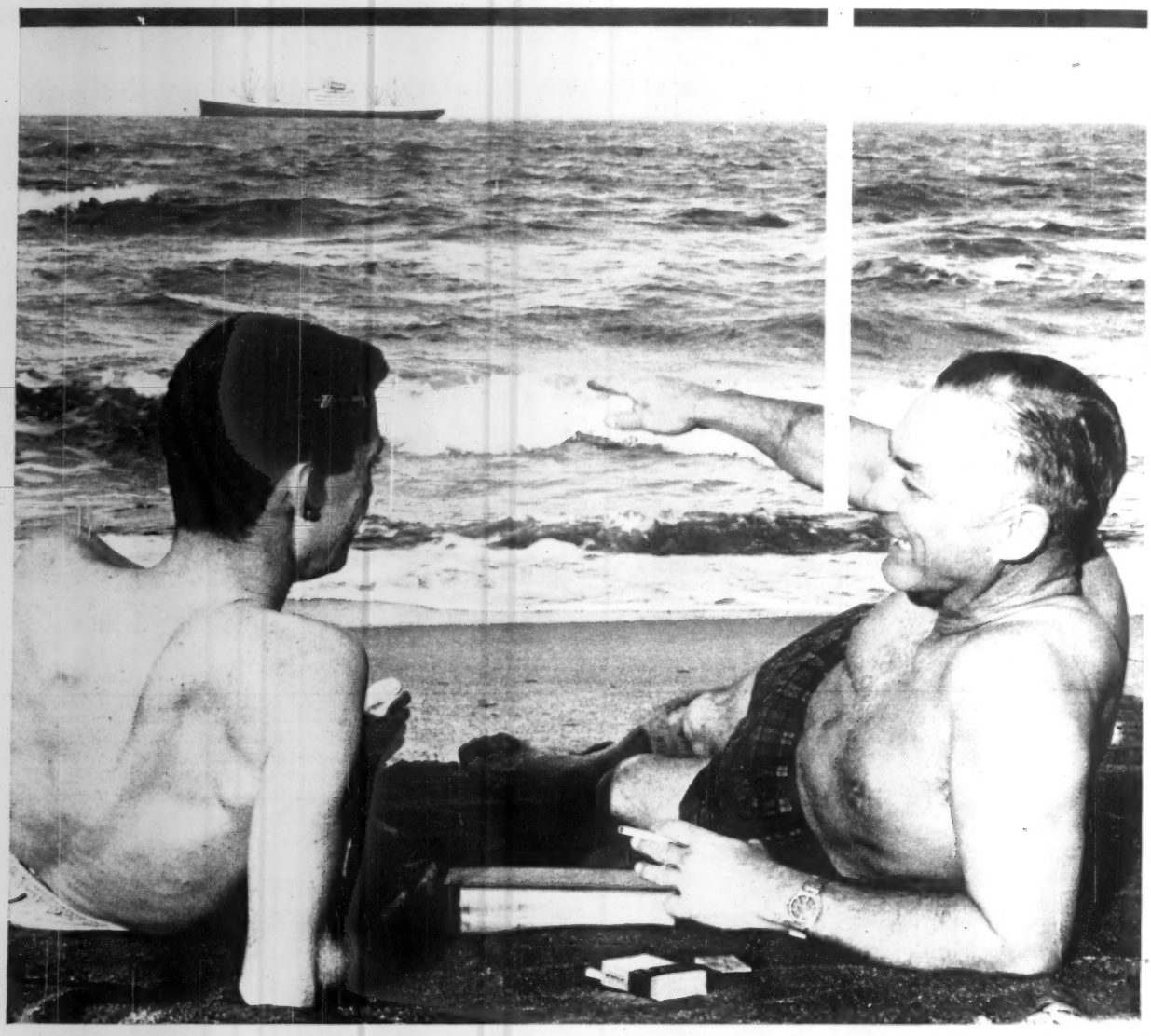
O.D.-MICROHONING

The converter housing hub of the large transmission is also Microhoned. Hub O.D. is 1.936", length is about 2", and it has a blind end with 1/4" relief. Two progressive Microhoning operations remove a total of about .004" stock to generate a surface finish of 15 microinches in a cycle time of 45 seconds per part. Special Microhoning technique generates circumferential lay on hub O.D. to provide compatibility between it and oil seal rotation. *This increases seal life and effectiveness.*

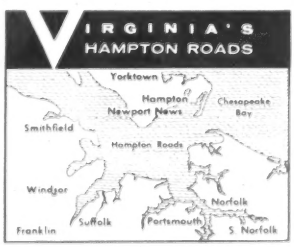
*Registered U.S. Pat. Off.

MICROMATIC HONE CORP.
8100 SCHOOLCRAFT AVENUE • DETROIT 38, MICHIGAN

"In half an hour, she'll dock right at our new plant"



Your deepwater plant site and your favorite water sport can be only minutes apart in Virginia's Hampton Roads area. From beach or boat basin or even your front porch, you can see the parade of modern freighters that links this busy port directly to some 300 world markets . . . with a sailing on the average of every hour the year around. ■ Ask VEPCO about the excellent rail, highway and airline service . . . the mild climate . . . the friendly communities and thrifty government that have combined to bring many nationally known industries to this key area. And without cost or obligation, let VEPCO be your confidential scout for a deep water plant site here. Write, wire or phone soon.



VIRGINIA ELECTRIC and POWER COMPANY

Clark P. Spellman, Manager—Area Development, Electric Building, Richmond 9, Virginia • MIlton 9-1411

SERVING THE TOP-OF-THE-SOUTH WITH 1,990,000 KILOWATTS — DUE TO REACH 2,580,000 KILOWATTS BY 1962

Inside Industry

Needed: more environmental test equipment

Communications aid for the technical staff

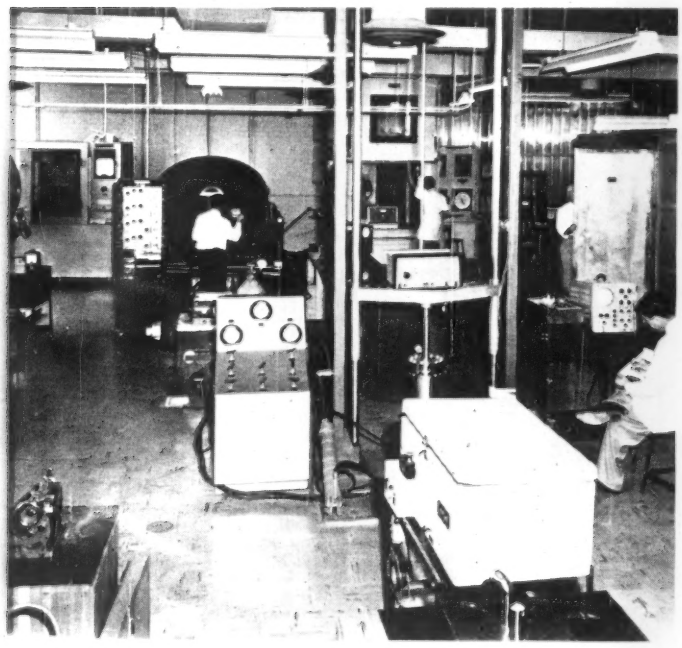
Test Facilities in Demand

As missile, spacecraft, and underwater technology advances, environmental testing assumes a new importance. Costly chambers and machines now simulate conditions that will be found 100,000 feet above the earth's surface—or approximate the stresses at sea level during a storm at the South Pole. They must duplicate a fantastic range of conditions: extreme cold, extreme heat, high vacuum, high pressure, intense vibration, intense noise, acceleration, shock, humidity, dusts, extreme dryness. And to approximate two or more of these conditions at the same time, or one right after another, calls for real ingenuity in test equipment design.

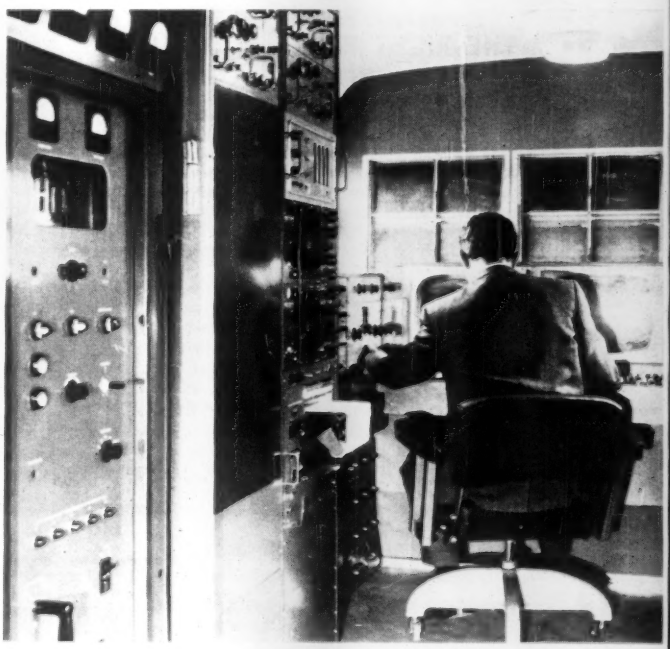
Despite an unprecedented expansion of test centers, American industry is now afflicted with a shortage of advanced environmental test facilities. Although manufacturers of many commercial products must test products for reliability under unusual conditions of heat, cold, humidity, or dust, companies in the defense market will feel the shortage most severely. It is, in fact, the increasing demand for environmental testing of defense products that has caused it.

In general, small defense subcontractors are the ones hardest hit by the shortage. Because of the high cost and rapid obsolescence of environmental test facilities, few small manufacturers can afford the high-performance types. Those owned or rented by prime contractors are fully scheduled and cannot handle other work—even at a fee. As a result, subcontractors who deliver without testing may incur penalties for late delivery while hunting around for test facilities. And with this record of tardiness, they may lose

continued on page 99



READY FOR ANYTHING: *This photo taken at the environmental test lab of the BJ Electronics division of the Borg-Warner Corp. illustrates the variety and complexity of equipment required today for environmental testing.*



MOUNTAIN COMES TO MAHOMET: *This is the interior view of a trailer containing a complete vibration test laboratory. Designed and built by Ling Electronics, Inc., the trailer can be towed to a factory when a large device is to be given vibration tests.*

How to influence management decisions

Dominant, continuous advertising to management in DUN'S REVIEW and Modern Industry is the effective . . . selective . . . economical way to influence business decisions. Here your dollars buy frequent, impressive advertising which is read by important executives when they are thinking about business and most responsive to business advertising. And this advertising reaches the men your salesmen often can't. These are the reasons why hundreds of companies advertise in DUN'S REVIEW, the business management magazine. They have found it is the place to influence the decisions of men who have the authority and interest to act.

The following facts show clearly how DUN'S REVIEW can help your advertising dollars work harder by providing concentration and dominance on the decision-makers at the heart of America's industrial and business market.

1. THE RIGHT EDITORIAL ATMOSPHERE

Advertising of business goods and services has the best chance of being seen, read, and acted upon when prospects are reading and thinking about business. Unlike news weeklies or newspapers, whose role it is to report news, the job of DUN'S REVIEW is to stimulate reader interest in modernization and improvement in all the major phases of business operation: executive methods, marketing, production, product development, employer relations, finance, business conditions, and government policy. The authority of the editorial material and the impressive format in which it is presented establish a highly receptive atmosphere for both product and corporate advertising designed to influence business decisions.

2. READERSHIP IN THE RIGHT PLACES

The heart of the American industrial market is the 27,000 manufacturing establishments (representing only 10 per cent of the total) that employ 79 per cent of the workers and account for 74 per cent of the value added by manufacture. DUN'S REVIEW concentrates on this market.

- 60 per cent are in Manufacturing or other Industry
- 35 per cent are in Distribution, Finance, and Service
- Over half the companies reached do $1,000,000 or more in sales annually
- Circulation includes eight out of every ten $1,000,000 manufacturers and distributors

These concerns are your best business prospects.

3. READERSHIP AMONG THE RIGHT PEOPLE

The circulation of DUN'S REVIEW represents an unmatched audience for those who sell products or services to industry and business.

- Over 50,000 readers are Presidents
- Over 84,000 readers are in top management
- Almost three-quarters of the readers have the title of General Manager or higher
- Total paid circulation is 117,500
- Pass-along readership boosts total audience to 300,000 management people

No other general business or news magazine delivers as much of its circulation among top executives, the men who make buying decisions for their companies. (See DUN'S REVIEW Study of Executive Buying Influence.)

4. THE RIGHT PROGRAM COSTS

For little more than the cost of space in a good trade paper advertisers can afford management advertising in DUN'S REVIEW. It's surprising how little difference exists today in actual rates—and yet how much more useful circulation DUN'S REVIEW can add to advertising programs. DUN'S REVIEW *is the perfect complement to sound trade advertising.* DUN'S REVIEW also provides economical coverage of top management without the prohibitive cost of broad circulation newsweeklies who deliver as high as 35% of total circulation among people not even in business or industry. And advertising is strictly on-target in the pages of DUN'S REVIEW. Note cost of a *program* of space in each issue (12) during a year:

TWELVE ISSUE PROGRAM COSTS

Black & white spread	$32,280	at 24 ti rate
Two-color spread	37,080	
Four-color spread	46,680	
Black & white page	17,340	at 12 ti rate
Two-color page	19,740	
Four-color page	24,540	

Impressive advertising units like these, seen frequently by the men who make decisions in the companies that account for the bulk of business buying will get the results you want . . . economically.

5. THE RIGHT VALUES FOR CORPORATE-FINANCIAL ADVERTISING

In addition to their importance in company buying, the readers of DUN'S REVIEW are logical targets for Corporate-Financial Advertising. DUN'S REVIEW readers have an average income of $27,015. 75 per cent of the magazine's readers own stocks and or bonds. This places them among the very best prospects for personal investment.

Corporate pension plans are accumulating potential investment money in the "billions" every year. 42 per cent of the companies reached by DUN'S REVIEW have pension plans whose funds represent a major reservoir of investment dollars. 63 per cent of the readers have a voice in company investment policy.

Institutions represent a major investment factor. 45 per cent of DUN'S REVIEW readers are members of the governing bodies of schools, hospitals, churches, or community government.

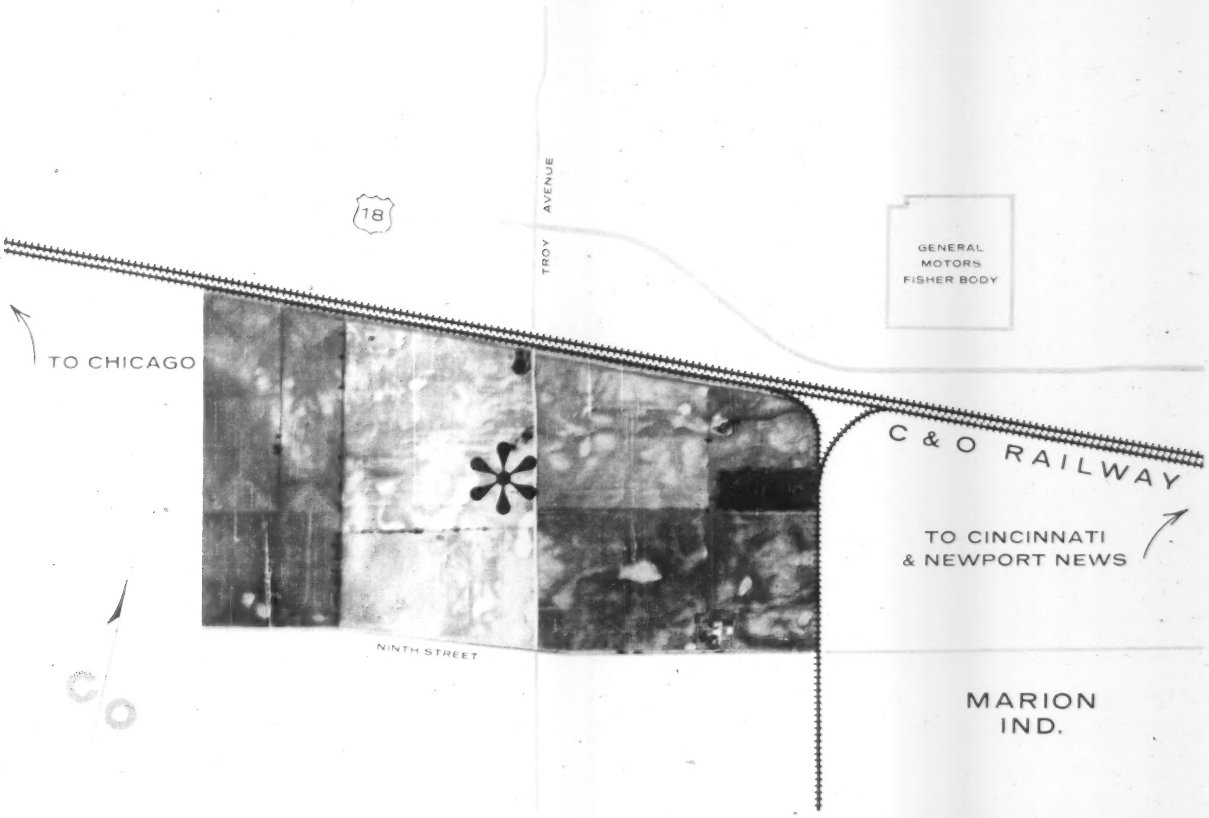
Banks, Finance, and Insurance companies are prime objectives for the Corporate-Financial advertiser. Over 7,000 DUN'S REVIEW readers are key management people in these firms.

To influence management decisions, tell the decision-makers who read

DUN'S REVIEW
AND MODERN INDUSTRY

AUDITED PAID CIRCULATION ABC

the magazine of Presidents . . . *and men who are going to be!*



AN EXTRA DIMENSION IN SITE SELECTION

C&O experts offer you free, unbiased counsel on any plant location along The Chessie Route

Industry scouts who have used the C&O Industrial Development Department will attest to this unique organization's *extra dimension* of service. It is based on the concept of impartially laying *all* the facts on the table. Existing tangible facts—transportation, fuel, power, water, topography, resource supply, labor, the physical community.

And there are other important facts, the kind that can be gleaned from an intimate knowledge of the prospective area. These bring into sharp focus the gray areas of local community conditions, the profile of its people, zoning regulations, the local and state tax structures, property ownership.

C&O, through its staff of cartographers, engineers, industrial analysts, geologists, and economists presents all the facts to you with unbiased honesty, without gloss. Then the decision rests with you.

There are many attractive locations along the C&O 5100-mile system serving the industrial heart of the United States and Canada. A few listings appear on the reverse side of this page.

*OPPORTUNITY AT MARION, IND.

A level 368-acre site, zoned for heavy industry, with all utilities available. On the western edge of Marion (pop. 35,000). Larger plants in the immediate area include Dana Corp., General Motors, Owens-Illinois, Anaconda Wire & Cable, Delta Electric, General Tire & Rubber, and RCA.

Fine transportation – C&O bounds property on north; reciprocal switching with three other railroads. Highways 9, 15, 18, and 37 nearby.

Other attractive C&O sites in the Marion area at Jonesboro and Gas City.

Chesapeake and Ohio Railway

Industrial Development Department

Huntington 1, West Virginia

Outstandability in Transportation

Partial list of available sites for industry

Contact the C&O Industrial Development Department for full information on these and many more choice locations

Michigan City, Indiana—In the community of Lakeland, two parcels of 43 acres and 22 acres, each adjacent to C&O right-of-way to Chicago. Both locations front on State Route 212, a 4-lane road connecting U.S. Highways 12 and 20. Nearly level property; no public utilities extended to the site at present. Zoned H-1 for both light and heavy industrial use.

Shenandoah Valley of Virginia—In Augusta County, near the cities of Staunton and Waynesboro, 11 miles apart. In particular several fine industrial sites ranging from 5 to 150 acres, located at Fishersville midway between the two cities. Served by C&O and U.S. 250. Utilities and water adequate, ample labor. Attractive area for climate, educational and recreational facilities.

Muskegon, Michigan—A 100-acre site located just south of the city. A road divides it into two natural parcels, 30 acres and 70 acres. Roads also bound the 1000-ft. depth north and south. Western boundary is C&O mainline; eastern is new 4-lane U.S. Highway 31, for nearly a mile. A fine level site, zoned for heavy industrial use. Highly diversified labor force.

Newport News—Hampton, Va.—In Copeland Industrial Park you will find any size site needed, offering economy and construction speed because all sites are graded; water mains, gas, electric utilities all in. Linked to Hampton Roads, one of America's busiest harbors, and the C&O Railway. A ready supply of both skilled and unskilled labor.

Griffith, Indiana—This 153-acre site is zoned for industry and well-suited for complete plant and marketing operation. Bounded on south by C&O mainline. Four other railroads junction at Griffith, a residential community 28 miles from downtown Chicago. U.S. Highways 6, 30 and 41 nearby; six airports within 15 miles. Favorable labor. Adequate electricity, gas and water.

Logan, Ohio—Forward-looking community in the Hocking River area where several choice industrial sites are available. Abundant fuel sources in coal, oil and gas; adequate electric power and water supply. Served by C&O and U.S. Highway 33. Large labor reservoir, both skilled and unskilled. Pleasant community only 49 miles from Columbus.

Lansing, Michigan—A fine 12-acre parcel just outside city limits, and zoned for industry. Bounded by C&O and State Route 174, and 2000 ft. distant from main east-west artery U.S. 16. Water, sewers, and gas are all adjacent to the site, with firehouse directly across the road. Excellent skilled labor source from this state capital city of 128,000 population.

South Central Ohio—The Scippo site on the outskirts of Circleville is close by the duPont Mylar polyester film plant. This 55-acre property is bounded by 4-lane highway U.S. 23 and double-track mainline of the C&O. Abundant water, electricity and natural gas serve the site. A ready supply of high-grade bituminous coal and high quality coke. Excellent labor source.

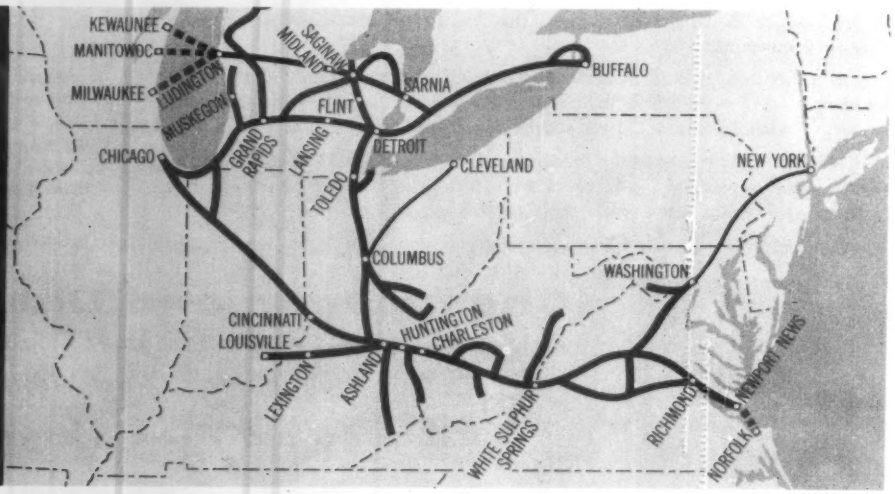
Siloam, Kentucky—A 430-acre site along the Ohio River opposite Portsmouth and adjacent to Columbia Hydrocarbon Corp., ethylene producer. Served by C&O mainline and U.S. Highway 23. Fuel and power sources ample and dependable. Abundant nearby supply of high grade coal and coke. Labor is adequate, both skilled and unskilled.

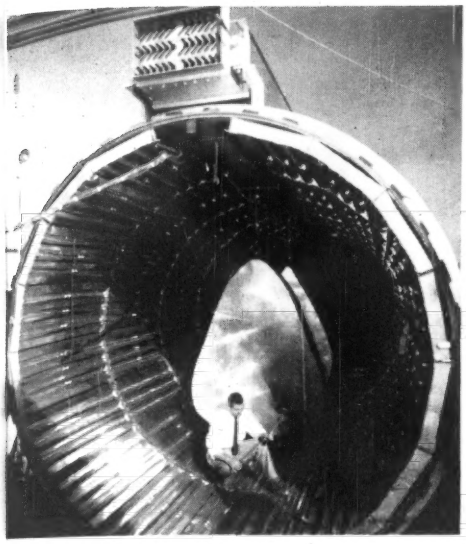
Complete industrial surveys of these and other sites along The Chessie Route are available to interested companies. Inquiries are handled in complete confidence and without obligation. Address: Wayne C. Fletcher, Director of Industrial Development, Chesapeake and Ohio Railway, Huntington, West Virginia. Telephone: JAckson 3-8573.

There's Opportunity for Industry all along the Chessie route

C AND O

Outstandability in Transportation





HOT STUFF: *A huge vacuum test chamber at Convair, San Diego, is lined with infrared heating elements. It can simulate altitudes up to 100,000 feet and the aerodynamic heating that occurs at velocities of three times the speed of sound (Mach 3).*

continued from page 95

out on new subcontracts in the future.

Companies that must rent facilities usually go to an independent test laboratory or some other better-equipped manufacturer. But they must then send along personnel to run the tests, an obvious disadvantage if they run for a few days or weeks and the facilities are not close by. An alternate procedure is to have the staff of an independent laboratory run the equipment while it is in the test chamber. Unfortunately, few have personnel qualified to operate today's equipment under test, according to Bernard Novack, vice president of Associated Testing Laboratories, Caldwell, N.J.

Renting test facilities from another manufacturer has a second major disadvantage: his own equipment always has priority.

When neither of two companies has the full range of testing equipment, they may "swap" facilities between themselves. And another alternative is a testing "cooperative" set up by a group of small competing companies. It is also sometimes possible to upgrade older equipment so that it matches the performance of the latest types. But all in all, it would appear the test facility sphere is very much in need of the ingenuity that is now being lavished on the equipment it is called upon to test.

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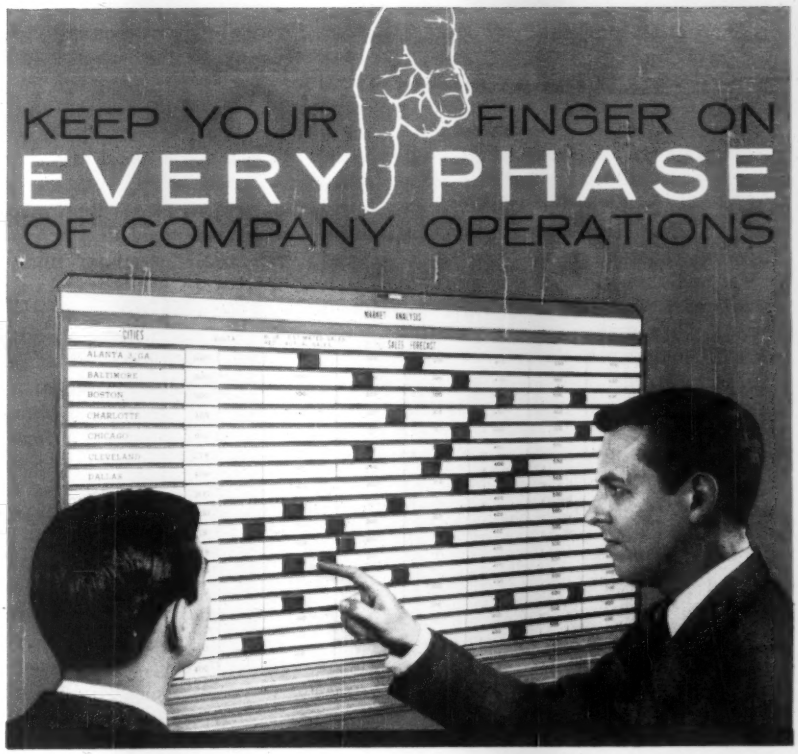
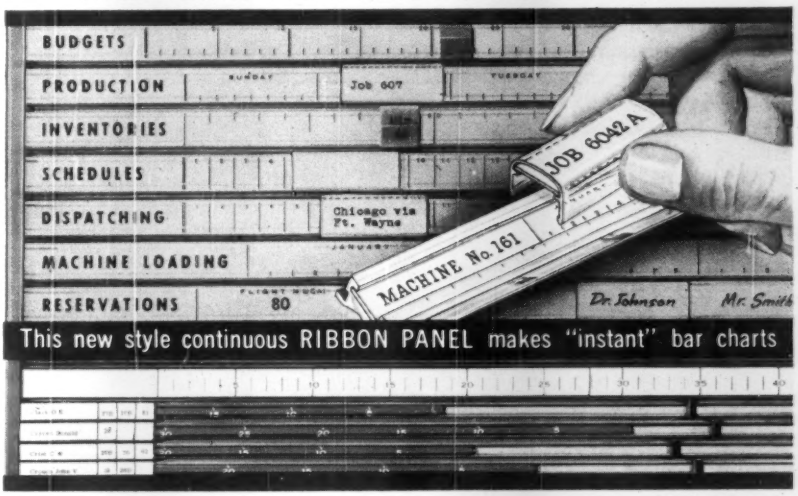


Quickly chart management action, facts or trends with ACME VISIBLE CONTROL PANELS



This new style continuous RIBBON PANEL makes "instant" bar charts

Colorful ACME VISIBLE Control Panels adapt to your exact needs . . . save paperwork, step up efficiency, prevent costly oversights. Unlimited signaling and charting possibilities. Snap-on, transparent colored signals flag the eye at due dates or reorder levels, or mark quotas and goals. Complete flexibility. Each signal slides entire length of tube . . . overrides others on same tube . . . by-passes those on adjoining tubes. Remains fixed until moved. For more facts, MAIL COUPON.

ACME VISIBLE

ACME VISIBLE RECORDS, Inc.
1105 West Allview Drive, Crozet, Va.

Please send colorful booklet on new Acme Visible Visual Control Panels and their many uses. I am interested in_____ type of record.

NAME_____ POSITION_____
COMPANY_____
ADDRESS_____
CITY_____ ZONE_____ STATE_____

continued from page 99

Helping R&D Communicate

As more and more complex achievements pour out of research and engineering laboratories, the technical staff's all-too-common inability to make its ideas clear to management is throwing a wrench into the works.

Various companies have resorted to different ways of eliminating the hazard. They may:

- Send engineers to company or outside schools for courses in writing, report preparation, and speechmaking.
- Assign technical writers to R&D teams to prepare all the progress reports.
- Designate the most articulate member of an R&D team as the "liaison" scientist to draw up all reports, written and oral, to management.

Now management can utilize a new means of improving communications between it and the technical staff—the engineering secretary. So far only one school — Pittsburgh's Business Training College—offers a course that trains secretaries to handle technical communications, but others are considering similar two-year courses.

The curriculum includes organic and inorganic chemistry, physics, slide-rule operation, as well as secretarial courses oriented towards engineering. Starting salaries for these specially trained secretaries run around $400 a month.

Better Than a Clothespin

Among the many problems encountered by a manufacturing company when it makes the now common move from the city to the suburbs is the need for odor control (also see "Wooing Employees with Better Extras," DUN'S REVIEW, March 1960, page 111). Odors from food-processing, chemical, plastic, soap, metalworking, steel, and cement plants that are tolerated or go unnoticed in a generally smelly industrial district are immediately offensive in the comparatively fresh air of the suburbs.

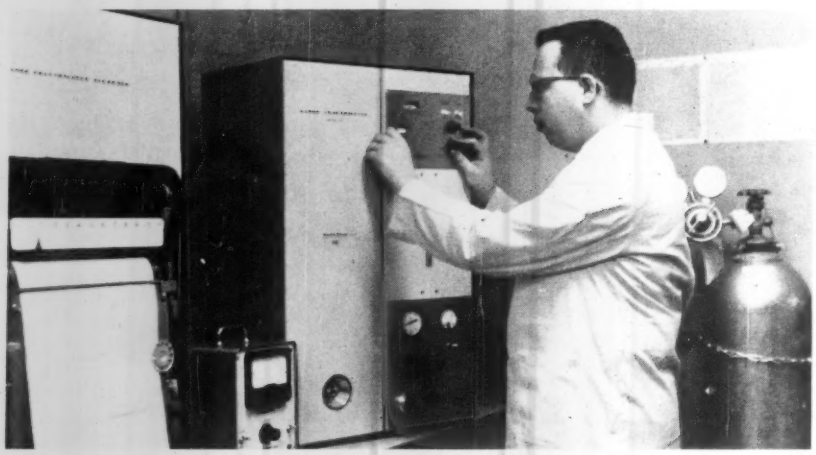
And the newly arrived residents of a housing development that pops up around a plant once isolated with its smell may set up quite a clamor. That's what happened to a factory built decades ago in what was then the wilds of New Jersey. Today it is surrounded by families that twice forced it to close. It was only reopened after an odor-control system was installed.

There are several ways to control offensive odors, but one of the most interesting—growing fast because of its comparatively low cost—is counteraction.

The principle behind it is simple: many odors are diminished by a "counter-odor." You can "pair off" cedarwood and rubber, musk and bitter almonds, as neutralizing counter-odors, for example.

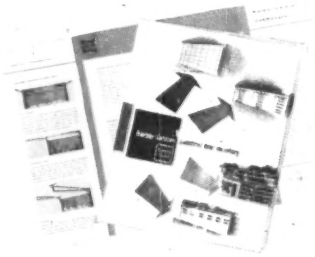
Developing a counter-odor is a technical problem that calls for the latest scientific equipment (see photo below). Often, chemists have to make a model reactor to duplicate the smell before they can find something to neutralize it. But since a Dutch professor first discovered odor counteraction in 1895, over 200 counter-odors to specific industrial smells have been developed.

—M. M.



SIGNATURE OF AN ODOR: *The most complex apparatus, such as this "Vapor Fractometer," analyzes odors. This technician is making an analysis at Airkem, Inc., N.Y.*

the Barber-Colman **INDUSTRIAL DOOR INVENTORY** will help you size up your door problems



This new report records door locations, their individual traffic, type of traffic, problem situations that occur repeatedly at each door location—helps you decide whether your "door network" needs critical appraisal, modernization, or change. It may be a significant step toward increasing plant efficiency, reducing production costs.

We'll be happy to send you a copy of the Industrial Door Inventory, with any other information you may desire on Barber-Colman OVERdoors and Electric Operators for industrial, institutional, and residential use.

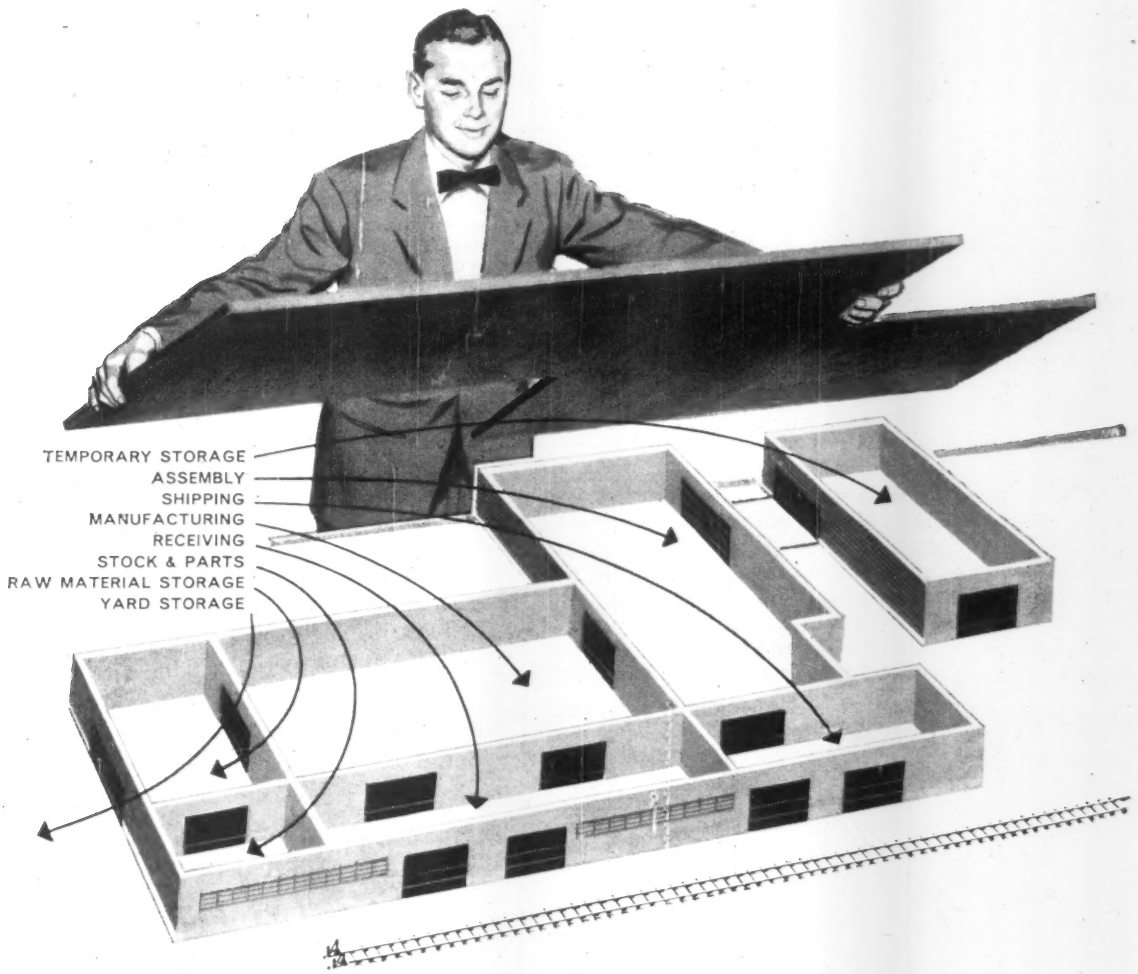
THE MARK OF QUALITY

BARBER COLMAN

YOUR DOORS HELP DETERMINE YOUR PRODUCTIVITY

How much money are doors making or losing for you this week? The doors in your plant directly affect the flow of materials, your productivity, the ultimate cost of product. Doors can speed production—or obstruct it. Doors with low efficiency, slow operation, and high maintenance will boost production costs and reduce profits.

Barber-Colman OVERdoors and Electric Operators can increase your productivity. Properly spotted in your plant layout, OVERdoors will speed flow of materials, cut man-hour waste, immediately lower production costs. They'll serve dependably, smoothly, quietly.



BARBER-COLMAN COMPANY
Dept. AJ05, Rockford, Illinois

Advertisement

The simple truth about Data Processing

To get the on-time information they require, many executives visualize the need for a battery of expensive equipment. Yet there is a low-cost system that fits your company as it stands and as it grows.

To a great many businessmen today, data processing is somewhat suspect. On the one hand, there's general agreement on the *need* for office automation—but, on the other, there's the fear that the data processing equipment required to bring it about will alter their procedures, their people, their profits.

Then, too, there's the *expense* of that equipment. And the often considerable gamble that the large investment called for won't ultimately pay off in results.

Much of this feeling about data processing, of course, is justified. Most available systems *are* large and unwieldy. More than that, they're complicated. Special personnel must be found to run them. Your own people must be thoroughly trained. And, as for your methods of doing business—even *they* must often be altered to the machines.

Among all of today's data processing systems, there is only one which does not impose these burdens.

That system is Automatic Keysort. Easy to use, remarkably low in cost, Automatic Keysort is the *servant* of your business and your people—never their master.

Reason? Only Automatic Keysort utilizes marginally-notched *original records* for quick, easy sorting and classification. Only Automatic Keysort gives you automatic coding and tabulation with *one* low-cost machine! Only Automatic Keysort is designed to adapt to *your* way of doing business.

Result: with Automatic Keysort you get the management reports you want *when you want them*. Without specialized personnel. Without disrupting your procedures. And at a cost that will truly surprise you.

Your nearby Royal McBee Data Processing Representative will be happy to tell you more about Automatic Keysort as it relates to *your* business—whatever it may be. Call him, or write Royal McBee Corporation, Data Processing Division, Port Chester, New York for brochure S-500.

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NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION

Living with the Law

PAUL A. KING

Deferred Compensation

Dollars *today* are the big thing. But dollars in tomorrow's pay envelope may be a good second-best if it means avoiding Uncle Sam's large tax bite into executive salaries.

Fringe benefits to augment the executive salary are commonplace. They include such items as executive dining rooms, company autos, town apartments, medical check-ups, home purchase facilities, and membership in company-owned resorts. On the dollars-tomorrow side of things, deferred stock-purchase, pension and profit-sharing plans are fairly widespread.

So is deferred pay for key executives, but one problem to date has been that many companies could never be sure they were giving the executive a deferred pay check or getting him into future litigation with the Government's tax attorneys. Now the Internal Revenue Service has taken a more liberal attitude toward deferred compensation. As outlined in Rev. Ruling 60-31, IRB 1960–5, it is worth looking into. You might even find that ideas once discarded for fear the tax people wouldn't buy them are worth a second look.

Here are a few plans that have IRS blessing:

1. Brown goes to work for you for $40,000 a year. He agrees to stay with you for a specific period of time —say five years. You promise him $10,000 a year more, but with these strings: He'll get the extra amounts when he leaves your employ, or if he becomes disabled, or if he should cease to be a full-time employee—that is, goes on a consultant basis. If you do not set the $10,000 per year aside now (Brown must rely on your promises) but pay it to him later, it is not included in his present taxable income. It is taxed when paid and by that time he may be in a lower tax bracket.

2. Suppose that besides Brown, you have Williams, Jones, and a few others in a deferred compensation program. You can set aside a part of your net earnings to be divided among them or their estates as each, for example, leaves the company, reaches age 60, retires, becomes disabled, or dies. Every year that he is still working you furnish each employee with a statement of his "paper" share.

In both cases, the key is to keep the payments deferred, without setting aside any specific monies for any given individual today. Promises you can make—but not trust or escrow agreements.

There's a lot more to the ruling than outlined here—and it's worth a careful reading.

» *Deferred compensation plans get a new green light from the Internal Revenue Service in an important ruling.*

» *The way is cleared for a stockless stock bonus program that may be the model you're looking for.*

» *What can you do when you lose your credit card—and get billed for delights you've never tasted?*

Stockless Stock Bonus Plan

For the Koppers Company, its stockless stock bonus plan was like having your cake and eating it too. Key employees are rewarded with all the benefits of a stock bonus plan without dilution of the stockholder's equity, at least initially. No shares of stock have been issued to employees. But they are paid benefits on retirement or death as if they had been.

Good as the plan sounded to the majority of Koppers stockholders who approved it, there was at least one who refused to go along. He took the company to court in Delaware, where it was argued that the plan was invalid as a gift, that there was no reasonable relationship between the amounts paid to employees and the value of their services, that what employees ended up with depended on the vagaries of the stock market, and that the plan imposed an indefinite liability upon the company.

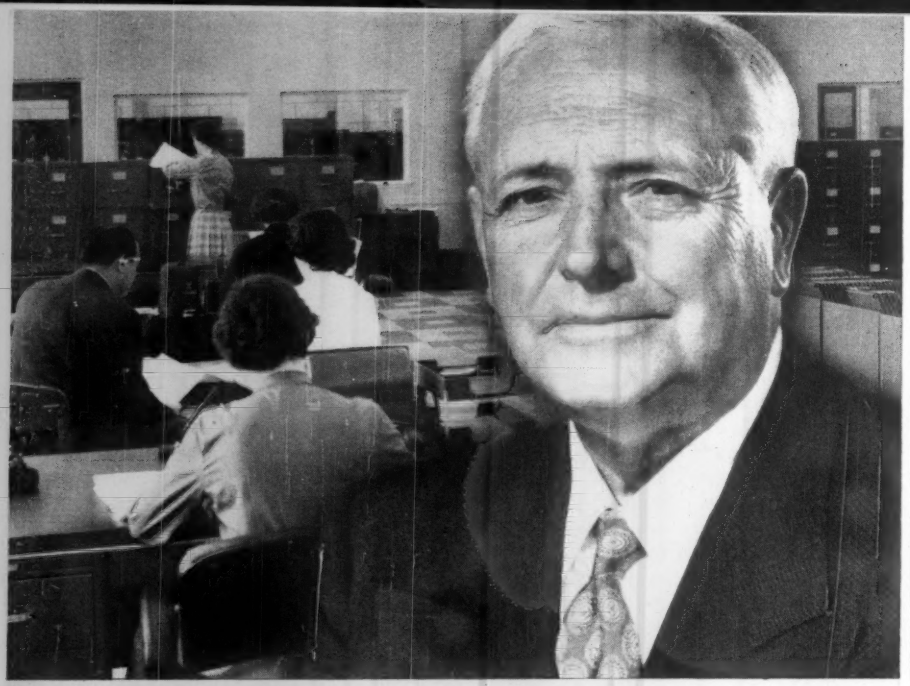
Ace-in-the-hole for the litigant was a Federal court decision in Ohio which had ruled against a similar plan of the Pittsburgh Consolidation Coal Company. However, the Delaware court, sitting in a state which houses so many corporations, carefully noted all arguments, diligently read the Ohio case, and then upheld the Koppers plan.

Here's a brief outline of it:

Key employees are given units valued at the market value of the company's common stock when the unit is issued. Over a ten-year period after the employee's death or retirement, he or his beneficiary is paid the difference between the market value of the shares after death or retirement and the market value represented by the units. Dividends equal to those payable on the stock are also paid on each unit.

To participate, employees must agree to:

- stay with Koppers for five years or until retirement,
- be available for consultation for ten years following retirement, and



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Our experience and facilities are available to help you develop a U. S. E. Special Duty Envelope for mailings, business systems or packaging. The whole fascinating story is told in a book: "HOW EXECUTIVES SOLVE BUSINESS PROBLEMS with U. S. E. Special Duty ENVELOPES." It's free . . . please have your secretary drop us a line.

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EX-2

• not compete with Koppers or work for a competitor.

In upholding the plan, the Delaware court pointed out that it was managed by an impartial committee, that it had received stockholder approval, and that the company had set aside 50,000 shares to be sold if company liability went higher than expected. Besides, it said the plan was no more vulnerable to attack than the conventional stock option plan, which certainly is subject to the ups and downs of the stock market.

When Directors Go Fishing

Strike when the iron is hot! But just as one company president was all set to close an important international deal, his attorneys told him he needed the Board of Directors' authorization.

Fortunately, he didn't have to call a meeting of the full Board—it had authorized an executive committee to act in its place. As it happened, though, the committee members were all over the country at the time he needed them. The company president faced the prospect of having the other party cool off or a competitor move in before they could meet.

It is well to remember, for the day when you face a similar problem, that in many states the directors need not be present at a formal meeting. Corporate action can be authorized if their unanimous consent is received.

But this too can take time. One solution: Where an executive committee can act for the Board, be sure that enough of them are close at hand so that a meeting can be held quickly. Arrange for those who are going on extended trips to resign in favor of homebodies.

The following states approve director action without a meeting, although each law varies slightly: Connecticut, Delaware, Indiana, Iowa, Maryland, Michigan, Minnesota, Nevada, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, West Virginia.

But incorporation in these states won't get you home free. Your charter and by-laws must be equally liberal.

Credit Card Liability

There is no weighty tome of court decisions spelling out the liability of the unlucky fellow who loses his credit card only to have the finder run up a huge bill at his expense. Credit card

usage is not old enough for precedence to determine if the loser pays or if the company that issued the card is out of luck.

Most credit cards state that the holder is responsible for all charges made through it until he surrenders the card or the issuing company receives written notice that it was lost or misplaced. The few court decisions on the subject are clear that the card-holder's having taken good care of his card is no out. Good care notwithstanding, he can still be liable.

The Oregon Supreme Court, however, came to the aid of card-holders by saying that they may be exonerated of liability if the issuing company or its employees and agents do not use "due care" in ascertaining the authority of the person who presents a card. Putting it another way, if the company issuing the card wants to collect from the card-holder, it must show the court and jury that its employees or agents made a reasonable inquiry as to the identity of the man presenting the card.

The court said a lot of other things about credit cards. If companies issuing them wish to assure themselves of maximum collectibility for lost cards, it advised that they:

- Print the conditions regarding the liability of the card-holder for lost cards in large type—don't use the eye-straining size.
- As an added precaution, tell the credit-card subscriber about his liability on the application blank.
- Be sure that all employees of firms accepting credit cards carefully compare the signature on the sales slip with that on the card. If there is any doubt, have them seek additional identification.

If your employees use credit cards, and particularly if the company picks up the tab, caution them about the need to treat their cards as they do their cash. Remind them that if they happen to lose or misplace them, they should promptly telegraph the credit-card issuer and follow up the wire with a letter of confirmation.

Long-Term Royalties

By licensing technology, trade secrets, and secret formulae to other companies in the United States—and more particularly abroad—aggressive manufacturers have turned intangible assets into high mark-up income.

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Make Borroughs your one source of supply for all your cabinets, and you'll save yourself time, effort and money. In Borroughs cabinets you get styling, quality and functional efficiency—all the very best.

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4 heights, 29″, 42″, 78″, 84″—2 depths, 12″, 18″. The 78″ and 84″ units are obtainable with open or closed backs, in single or double face.

All cabinet shelves easily adjustable without tools, nuts or bolts.

SWINGING - DOOR

2 heights, 42″, 78″—3 depths, 18″, 21″, 24″. Single central handle. Doors swing completely open. 78″ model is available in 3 styles — supply, wardrobe, combination.

Borroughs cabinets are 36" wide and are available in spring green, dark green, gray, fall tan and brown.

send for illustrated price list

SLIDING - DOOR

3 heights, 29″, 42″, 78″—2 depths, 12″, 18″. The 29″ and 42″ units have steel or glass sliding doors — 78″ cabinet has steel sliding doors.

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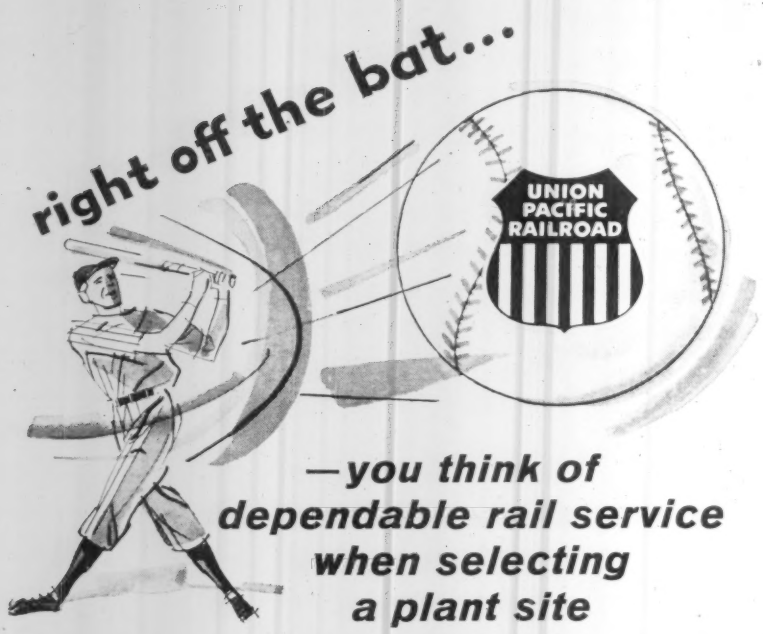

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UNION PACIFIC

Railroad

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such a program, some executives have said to themselves: Suppose that we cannot license our secrets in perpetuity, but sign a contract on a five- or ten-year basis. At the end of the term, the licensee may not renew. Or he may insist on renewing at a lower rate of royalty. If by then the secret is out or the technology is generally available, we'll be over the barrel.

To lawyers, "perpetuity" is a nasty word. Under the law, contracts are supposed to be of definite duration. But a U.S. District Court in New York long ago distinguished between a contract for perpetuity and one which just lasts for a long time. It said you can enter into an agreement with a licensee who obligates himself "to pay a royalty for as long as he continues to manufacture or sell the product embodying the secret or the technology." Under such a contract, royalties must be paid even though the secret is out and the technology has been disclosed to the public. The licensor in this case had been collecting royalties since 1881.

Get It in Writing

You may not need a lawyer to tell you how to solve a tough Federal wage-hour problem. The nearest office of the Wage-Hour Division may be able to give the expert guidance you need. But if you get its opinion, be sure it's in writing, that it's from an authorized person, and that you have given him all the facts of the case.

Meet these conditions, act on the ruling in good faith, and under the Portal Act of 1947 it can be successfully used later on as a defense if a suit is brought against you by an employee. Oral rulings—or rulings from just anyone who happens to pick up the phone—cannot always be used this way.

Safe Mail at Less Cost

There seems to be something sacred about "registered mail." Whenever a business man wants to make sure his correspondent gets the message, it is sent by registered mail. But many business men now are getting used to a cheaper way of sending an important notice—certified mail. Not only does it cost less, it's also easier to handle. Fill out the form, attach it to the letter, drop it in any mail box.

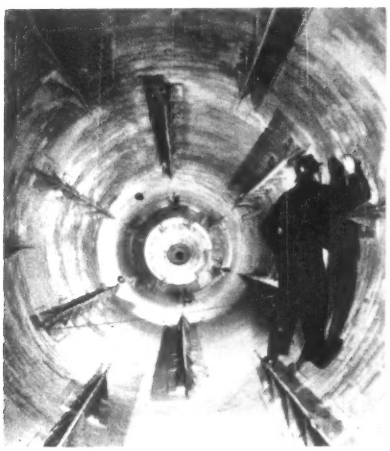
Recognizing this new mailing device, 31 states have passed laws per-

mitting the use of certified mail in some or all instances where statutes require notice by registered mail. The states are: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Virginia, Wisconsin, and Wyoming.

The savings from using certified instead of registered mail may be considerable, but for real postal savings, we have been told that some companies with large direct-mail sales activity have set up offices in a country where bulk mailing rates may be much lower than in the United States —Switzerland, Canada, or Mexico, for instance. Their advertising material is printed in that country and then mailed to addresses here.

Only the Contract Counts

It doesn't look as if the group insurance certificate which the company hands out to individual employees merits a spot in their safe deposit boxes. A U.S. District Court in Michigan ruled that it is not part of the group insurance contract and cannot be relied upon as establishing any contractual rights. END



INDUSTRIAL ROTISSOMAT: *The rotary gaseous reduction kiln at the Copper Cliff, Ont., plant of the International Nickel Company, which measures 185 feet long, 13 feet in diameter, is said to be the largest in the world. Many products—ranging from iron ore concentrates to whale oil derivatives—can be continuously processed in such giant tubular ovens.*

GO-GETTER CUTS COSTS IN HALF; MAKES JOB SAFER

A leading chemical plant faced with the double explosion hazard of ethylbenzene fumes and aluminum chloride dust, solved its material handling problems – and saved money in the process – through the use of Revolvator's new fork lift trucks labeled Type Ex by Underwriters' Laboratories for Class 1 Group D explosion hazardous areas.

Previously, two men with a hand truck were required for this operation. Since the introduction of the Explosion Proof Go-Getter, one operator easily charges the hoppers in a safe manner with a minimum effort. "What used to be a dangerous, disagreeable job has now become a simple task," says the plant manager.

The explosion proof Go-Getter, available in 12 standard models, is but the latest development in Revolvator's better than a half century of experience in materials handling equipment covering standard walkie lift trucks, hand lift trucks, portable elevators and related equipment.

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The cure: An Automatic Electric P-A-X business telephone system, which handles inside calls without an operator. With P-A-X, your people will simply dial and talk—instead of walking; they'll use P-A-X to *get things done!*

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International Markets

ALEXANDER O. STANLEY

U.S. beefs up export promotion in massive program to recapture overseas markets.

World exports touched new high of $150 billion in 1959.

U.S. continues to lead in global sales.

Russia coming up with a rush in race for world markets.

A REVAMPING of export aids is shaping up as the nub of the Administration's 1960 program to revitalize exports. The new plan, involving both major and minor alterations, calls for expanding the services of the State Department and the Commerce Department to help U.S. business recover its old customers—and find new ones. Highlighting the program are these market-making maneuvers:

- The State Department has instructed its foreign posts to search out untapped markets for American products and wire back these business opportunities, to be publicized through various channels.
- The Commerce Department is giving many more world trade tips in the *Foreign Commerce Weekly*. It now lists page after page of foreign governments' invitations to bid on a variety of new projects, as well as private inquiries about a host of products, trade lists from industrial and commercial groups in diverse markets, new agency leads, specific licensing and investment opportunities, and a timetable of incoming foreign visitors looking for business contacts.
- The Government-sponsored U.S. International Trade Fairs will shift emphasis from selling the American way of life to selling American goods. Companies will be asked to win customers, not converts. They will have to foot the bill for their exhibits, but in return will be permitted—in fact, encouraged—to sell the products they show abroad, a practice once forbidden to avoid charges that taxpayers were financing the sales promotion of private brands. First big test of the "hard-sell" exhibit will be at Vienna next September 4–11. If successful there, the new approach will be adopted at upcoming fairs in other countries, at least where there is a solid potential market for U.S. products.

The 1960 calendar of International Trade Fairs, intermittently updated and published in the *Foreign Commerce Weekly*, now schedules a series of exhibits of the vertical (by industry) and horizontal (general) variety to be held next fall and winter in India, Belgium, Finland, France, Germany, Great Britain, Greece, Italy, the Netherlands, Sweden, Switzerland, Yugoslavia, Japan, Tunisia, and Canada. If you are interested in testing market acceptance of your products abroad, contact the Trade Development Division, Bureau of Foreign Commerce, U.S. Department of Commerce, Washington 25, D.C.

- On the European scene, U.S. Trade Information Centers attached to our International Trade Fairs and spotted at key foreign trade exhibits will now put American manufacturers in direct contact with local business men. We shall have Trade Information Centers at the German Industries Fair ending May 3, the International Lake Constance Fair at Friedrichshafen ending May 29, and the International Druggists' Fair in Stuttgart September 16–21. When the fairs close, American firms' proposals will be kept on file at the various Foreign Service Offices of the U.S. Department of Commerce, which will continue to try to place them in the hands of appropriate business interests. The program may be amplified to include other fairs in other countries, so keep posted by filing your proposals with the Trade Mission Division, U.S. Department of Commerce.
- Biggest fillip to the drive for export markets is the current plan to provide political-risk guarantees on short- and intermediate-term credits through the Export-Import of Washington (see DUN'S REVIEW, November 1959, pages 97–98). Also under consideration is more liberal Exim Bank participation in the actual lending of intermediate-term funds on one- to five-year maturities. Welcome as this might be to many U.S. companies worried about getting paid for shipments on credit to politically and economically insecure markets, the credit insurance plan is not universally popular. Exim officials and sophisticated U.S. international traders regard export credit insurance proposals with some skepticism. Agreeing that on paper the remedy looks fine, practicing exporters worry about the side effects. Critics of the plan suggest that at best it could have only limited results in building exports. They point out that (1) credit insurance is a two-edged sword that could be turned against us by our principal European trade competitors, who already have more liberal sys-

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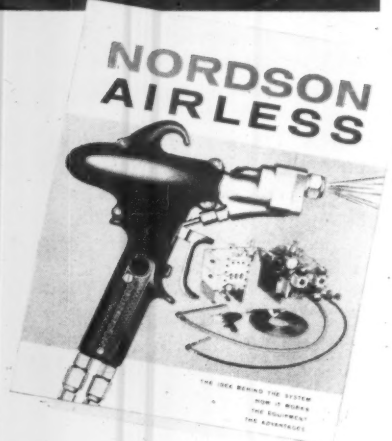

tems; (2) even a limited venture into underwriting U.S. export credit risks could scare other countries into nasty counter-measures that would inhibit, not expand, our exports; (3) the premium rates, if realistically based, would make the whole thing too expensive both to buyer and seller and result in a further upping of our already high prices.

Logical as these arguments may be, they are all part of the calculated risks that must be faced if we are to take the "scare" out of exports for the newcomer to the field. And since the intention is to broaden interest in exploring export opportunities, it seems likely that some form of export credit insurance will be available to the U.S. business community before the year is out.

• Stimulating tourist travel *to* the U.S. is also on the agenda. This is actually an export of our tourist attractions, which could return to us much of the $2.3 billion the ubiquitous American abroad is spending annually. At present foreign visitors spend about $1 billion in travel to the U.S., leaving a large deficit on our international travel balance sheet. But with European round-trip jet tickets to be pared to $350 by 1961, and Germany building two luxury ocean liners for an American hotel corporation which will provide transatlantic crossings at $50 a head, look for hordes of European tourists in the U.S.A.

• The Department of Commerce is holding once-a-week conferences with representatives of 40-odd individual industries to find out why some have so much trouble selling their wares abroad. The movie industry and the machine tool manufacturers have already been heard. The next industries in line are pulp and paper, automotive, printing and publishing, oil field equipment, industrial fasteners, electronic products, major household appliances, and scientific and professional instruments, with others to come.

So far, there have been a lot of complaints about the restrictive practices of foreign governments, with some relief promised by trade agreement discussions at the government-to-government level.

• More trade promotional muscle has been added to the field force of U.S. commercial attachés abroad.

• Branch offices of the Commerce Department will hold meetings with local business people to give the ex-

port field more publicity. Efforts are also underway to educate U.S. management in the mores of overseas markets.

- Detailed, up-dated statistical and topical data on U.S. international trade will help the research and marketing departments of American companies to chart and interpret fast-changing export patterns.

All these moves to revise and expand existing channels of Government export services—rather than to improvise and explore new, time-consuming techniques—spell out the mounting pressure on the Government. As Secretary of Commerce Anderson puts it, our balance of payment difficulties "must be resolved if the United States is to continue to perform its function of world leadership." The ultimate policy—expanding exports instead of limiting imports—will be a hard challenge to American business ingenuity. It also promises huge profit potentials to U.S. management looking for new outlets for lengthening assembly lines.

Topping the Record

World exports pushed through to a new high of $150 billion in 1959, up 4 per cent from the previous record level set in 1957. According to the Statistical Office of the United Nations:

- More progress was made by industrial than non-industrial countries in building exports.
- Part of the lag in exports from non-industrial areas was caused by the low prices paid for primary commodities, the lowest since 1949.
- Prices of manufactured goods exports, on the other hand, went up fairly consistently from 1954 on, then leveled off in the course of the past two years.
- U.S. manufactured goods are currently priced way above their 1956 levels. They are also much higher than those of our European competitors, especially the EEC countries and Great Britain, which, unlike the U.S., draw heavily on overseas markets for their raw materials. Those commodities have been on a downward price spiral. Coupled with the lower costs of assembly abroad, this fact has made it possible for European industries to offer finished goods at prices lower than the U.S. equivalent. The report, however, did not mention one offsetting factor: the rapid growth of U.S. overseas assembly subsidiaries, which

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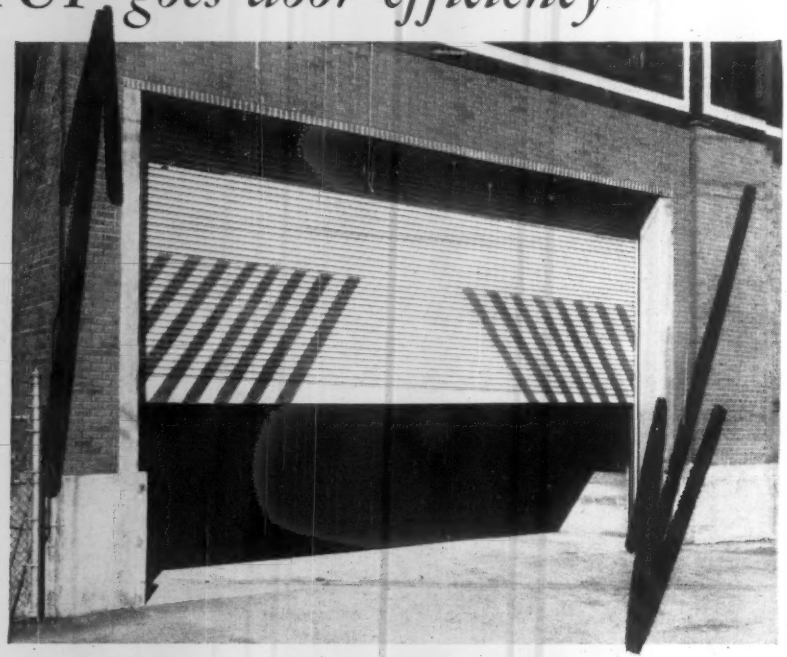

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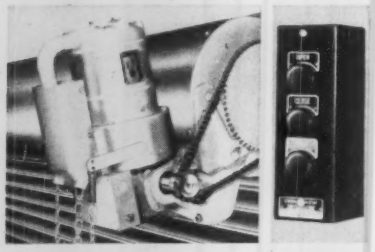

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now enjoy the same price advantages and market position as the local competition.

Still Going Strong

Despite the many handicaps that hobble our traders abroad, we are still the world's leading exporter and account for slightly more than 10 per cent of world exports. A study made by the Office of Business Economics, U.S. Department of Commerce, offered these comforting figures:

- During the first half of 1959, the trough of this country's latest export cycle, U.S. merchandise exports at $8 billion were nearly two-thirds greater than Britain's, our leading competitor in dollar value. And they were 75 per cent higher than those of fast-expanding Germany. Japan's export market was one-fifth as large as ours.

Statistics Soviet-Style

In the meantime, the Soviets continue to press ahead with their propaganda of bigness. It now would appear that the USSR is growing faster in its foreign trade than its capitalistic competitors, and will leave them far behind in the race for world markets. Buttressing this statement is a report by Foreign Trade Minister Patolichev, who advances these interesting statistics and trends:

- In the five years ending 1959, Soviet foreign trade rose 62 per cent compared with Germany's advance of 53 per cent and the U.S. growth of only 23 per cent. The fact the base differs in each case has been conveniently ignored.
- 1959 Soviet world trade, in and out, tallied 42 billion rubles, with exports of 21.7 billion rubles outstripping imports by 1.4 billion rubles for a favorable balance of trade.
- Communist China continued as the biggest customer for Soviet goods and Soviet satellites abroad absorbed 3 of every 4 rubles of exports. But greater market diversification is expected in the near future. Asia and Africa, which bought 21 per cent (4.5 billion rubles' worth) of Soviet exports will take more, Patolichev says. Trade ties with the emerging African countries and with Latin-American countries are being consolidated, with Mexico, Brazil, Colombia, Chile, and Cuba joining the list of Soviet customers headed by Argentina and Uruguay.

END

THE MOST IMPORTANT SPOT IN YOUR OFFICE...

WHERE YOUR CUSTOMER MEETS YOUR CLERK

The most versatile service counter ever designed... assures every comfort for the customer—every convenience for the clerk. For more information on how the Customer Service Counter can improve your service operation, send this coupon today!

Customer Service Counter

"Custom quality and versatility through low-cost standard components."

REMINGTON RAND
DIVISION OF SPERRY RAND CORPORATION
Room 1515, 315 Park Avenue South
New York 10, N. Y.
Please send me Folder SC791 — *Two Sides To Service.*

Name & Title_____

Company_____

Address_____

City_____ Zone____ State_____

Remington Rand
DIVISION OF SPERRY RAND CORPORATION

PROVEN IN FLEETS LIKE YOUR OWN!

Lower net cost proven by official N.A.D.A. trade-in-figures, deducted from your original fleet price per unit. And all these other costs proven lower by close-kept operating records of fleets like your own—Lower Operating Cost . . . Lower Maintenance Cost . . . Lower Repair Cost . . . Lower Insurance Cost . . . Better Driver Acceptance! Want case-history proof? Send the coupon!

BIG-FLEET REORDERS SHOW HOW LARK HAS PROVEN ITSELF

Consider these orders recently filled. 234 more Larks to the State of California (515 Lark V-8's in all) ➤ 159 more Larks to the State of Oregon ➤ 41 more Larks delivered to the State of Indiana ➤ 56 more Larks to the Milwaukee Police Department ➤ 86 more Studebaker taxicabs to Frenat Service, New York City. ➤ And 491 new Larks delivered to the U.S. Government—largest order for 1960 compact cars placed by General Services Administration.

Budget-wise buyers

Love that **LARK**

BY STUDEBAKER

TELL US MORE ABOUT LARK SAVINGS!
Fleet Sales Division, Studebaker-Packard Corp.,
South Bend 27, Indiana

☐ Send us informative literature only
☐ Have a factory representative call me for an appointment

NAME _____
PLEASE PRINT

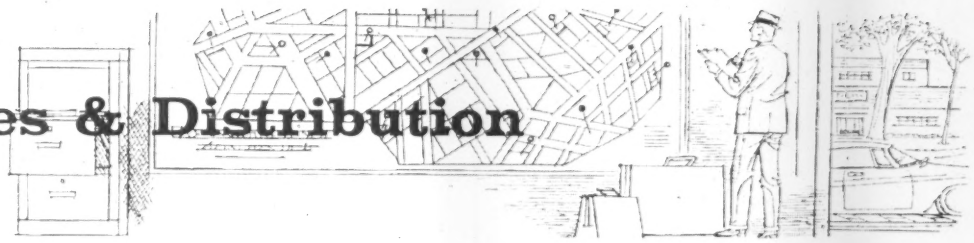
TITLE _____

COMPANY _____

ADDRESS _____

DR 4-60

Sales & Distribution



» *Recruiters seek marketing manpower*

» *New survey spotlights the shopper*

Recruiting the Producers

A productive sales force must be planned as carefully as a winning baseball team, and many a company today—its eyes on the big markets that will develop in the years ahead—is out to scout potential salesmen before its rivals sign them up. A new survey of 120 manufacturers (most producing industrial goods and most in the medium-size bracket) points up this new trend in the methods of recruiting sales trainees.

These companies used to rely almost entirely on classified ads to find prospective trainees. Now they report that they are turning to the techniques once primarily used to recruit engineers.

Conducted by a Chicago counseling company, Tom McCall & Associates, Inc., the survey reveals that corporate scouts for sales trainees are appearing in increased numbers on college campuses. A recruiter for a major producer of industrial equipment periodically visits marketing professors and has them pinpoint the outstanding students on their class rosters.

The recruiter for another company takes over a marketing class for an hour of double duty: pitching for his company while noting the bright young men who respond to his leading questions.

To attract college men to a calling that many disdain, the surveyed companies have hit upon a variety of euphemisms for the title "salesman." Better-than-average grads are being invited to join corporations as "field-service managers," "territorial managers," and so on. A salesman by any other name still moves the goods, but such titles are suggestive of the status the diploma holder presumably seeks.

MULTI-PACK *units of soft-drinks—the fastest growing sales unit—are now available in vending machines designed for housing developments, service stations, suburban road stands, and for after-hours use by customers stopping by outside of regular retail outlets.*

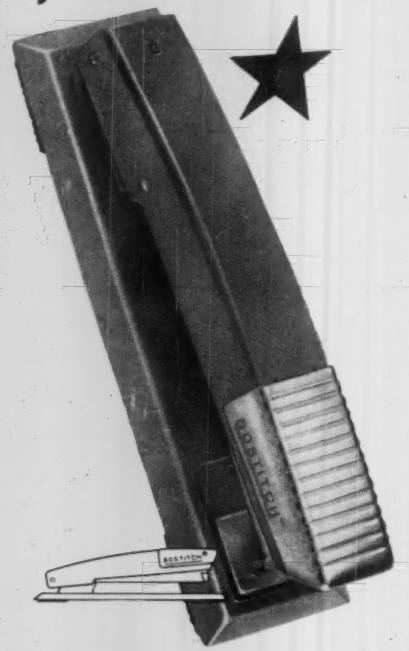
How Shoppers Behave

To help manufacturers who sell through supermarkets sharpen their focus on the target, E. I. du Pont de Nemours & Company recently took a long, hard look at the supermarket shopper in his natural habitat. The results of the survey, which covered 4,661 shoppers in 225 supermarkets, are being made available to purchasers of packaging materials by Du Pont's film department.

Here are highlights which should be of interest to manufacturers of many products besides food:

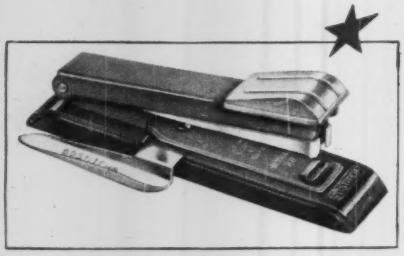
- Today 70 per cent of supermarket purchases result from buying decisions made in the store itself. This is a noticeable rise from the comparable figure of 58 per cent in a similar DuPont survey made back in 1949. Each of the shoppers surveyed was interviewed before entering and on leaving the store so as to pinpoint the unplanned purchases. DuPont found that only one person in four carries a complete shopping list. Non-food items were high on the list of impulse purchases.
- The time spent in the store by the average shopper is increasing—27 minutes today compared with eighteen just five years ago. In part, this may be because many stores are adding to the number of different items carried (these have increased about 30 per cent in the past five years).
- Four out of five of the shoppers surveyed visit the store at least twice a week, and the average shopper makes three visits. This means considerable exposure to the products on the shelves, and puts increased pressure on manufacturers to come up with eye-catching packages.

Handsome



BOSTITCH B12 STANDARD STAPLER

Pleasing modern design in gray and chrome makes the B12 *the* stapler for executive desks. And it's all business when it comes to fastening. Set it for temporary or permanent fastening in an instant.



FOR GENERAL OFFICE FASTENING

Bostitch B8R Actually four machines in one—stapler, tacker, plier and staple remover. For almost every office fastening job. In gleaming black and chrome or three-tone gray.

See these and other Bostitch staplers for every office fastening task at your stationer's.

Fasten it better and faster with

BOSTITCH®
STAPLERS AND STAPLES

665 BRIGGS DRIVE, EAST GREENWICH, R. I.

THIS EFFECTIVE *promotion is being used by the Norge Division of Borg-Warner Corp. to dramatize recent improvements in home appliances. Producers of goods with higher price tags could show the price comparison in "real" (adjusted for inflation) dollars.*

• More husbands and wives are shopping together, either in the evening or on weekends.

Sound Selling

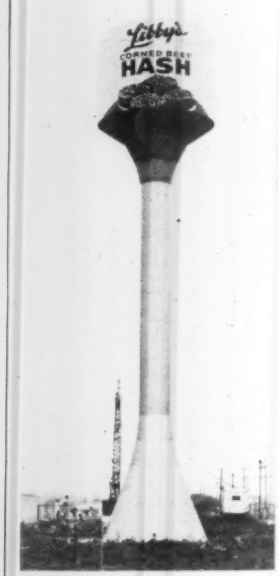
Some retailers now feel that they may have gone too far in the rush to cut selling expense by changing over to self-service. One national food chain has discovered that manning the previously self-service meat counters sent sales up sharply. A Midwestern chain has experimented successfully with the introduction of salespeople in a special delicacy section.

Other, less expensive, efforts to personalize selling are evident in the public address systems used in some variety stores and supermarkets to call shoppers' attention to bargains and unusual merchandise. However, some stores report a serious increase in errors at the check-out counters, made by employees whose nerves are worn raw by the repetition of selling messages.

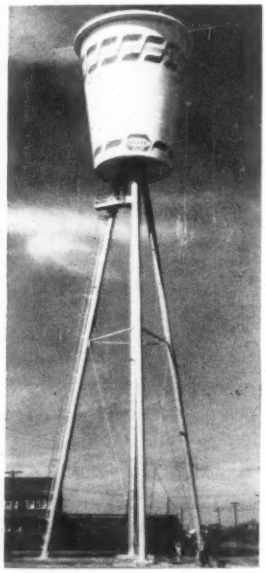
To tone down the sales spiel and make it more personal, retailers are turning to point-of-purchase recordings that are inaudible a few feet beyond the display. Service station operators are also using similar devices to expound the value of their new additives right at the gas pump. And some auto dealers have found effective sales help for their salesmen in recorded endorsements for new models that begin to sound off when the prospect slides behind the wheel.

The Towering Eyeful

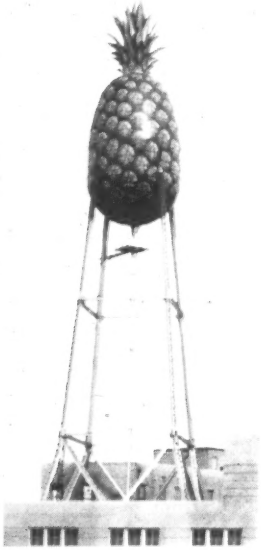
PROMOTIONAL and utilitarian water towers in the form of products help companies sell their wares.



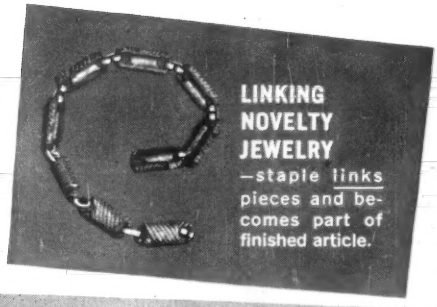
AT *Libby, McNeill & Libby's plant in Chicago, this 130-ft. water tower catches the eye.*



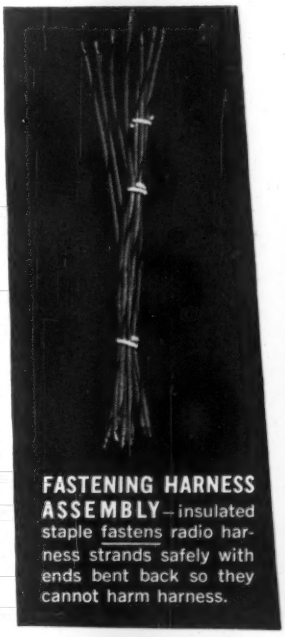
THIS GARGANTUAN *Dixie Cup marks a plant at Frampton, Ontario.*



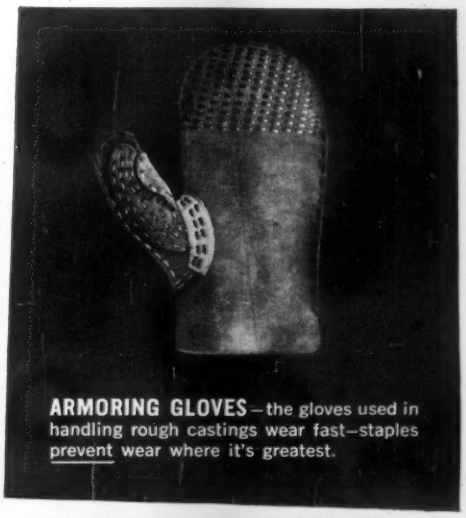
A PINEAPPLE *fit to plug a volcano tops Hawaiian Pineapple's Honolulu plant.*



LINKING NOVELTY JEWELRY—staple links pieces and becomes part of finished article.

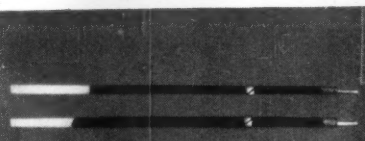


FASTENING HARNESS ASSEMBLY—insulated staple fastens radio harness strands safely with ends bent back so they cannot harm harness.



ARMORING GLOVES—the gloves used in handling rough castings wear fast—staples prevent wear where it's greatest.

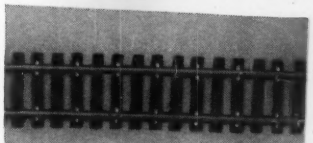
CONDUCTING ELECTRIC CURRENT—staple acts as terminal which conducts current between coil and assembly into which it is built.



STOPPING BALL POINT FILLER—the wrap-around staple stops spring travel on ball point pen filler.

BINDS HOSE CONNECTION—rubber hose is fastened to a brass connection with a wrap-around staple which binds rubber to brass for a secure grip.

YOU CAN USE BOSTITCH STAPLING TO MAKE ALMOST ANYTHING



CLINCHING TOY RAILROAD TRACK—track is clinched to ties by wrap-around staple. Track is not pierced by staples.

AND MAKE IT BETTER

For each stapling idea on this page, someone thought, "It might look better, work better, and cost less if we manufactured it with staples."

Then a Bostitch Economy Man—one of 350 in 123 U. S. and Canadian cities—was called in to match the staples and the stapler for the job.

Bostitch can supply over 200 kinds of staples, over 800 types of stapling machines, so you'll have the right one for your product, display or package.

There may be a way that stapling can benefit your business. Look up "Bostitch" in your phone book and call your Bostitch Economy Man. Or just tell your receptionist you want to see him the next time he calls. For further information, write for broadside, "Fasten it better and faster."

Fasten it better and faster with

BOSTITCH®

STAPLERS AND STAPLES

665 Briggs Drive, East Greenwich, Rhode Island

This man is "Ready-to-Buy"

Coming soon...a new way to reach your most valuable market... the people who are "Ready-to-Buy!"

TEST YOUR LETTERHEAD

FREE brochure tells you how!

Does your letterhead represent your company effectively?

It costs little or nothing more to buy letterheads that are scientifically designed to build prestige, create a favorable impression of your company and promote its sales.

This helpful brochure shows you how to test your letterhead and rate its effectiveness . . . . how to overcome its faults. *If you use 5,000 or more letterheads a year we'll be glad to send you a copy. Here's what to do:*

1. **Write on your letterhead how many you use a year.**
2. **Send us your letterhead.**

Absolutely no obligation. Write for free copy today.

Dept. D-2

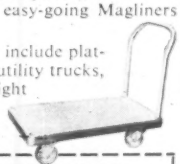
R.O.H. HILL, INC.

270 Lafayette Street, New York 12, N.Y.

Quality business cards & letterheads since 1914

There's economy and efficiency in every move a Magliner Floor Truck makes! Magliners eliminate dead weight . . . increase output . . . cut handling costs! Made of magnesium—world's lightest structural metal—Magliners weigh as little as 40 lbs., are capacity rated to 2,000 lbs., *more* if required. Pound for pound, dollar for dollar, load for load . . . easy-going Magliners are your best buy!

Standard models available include platform trucks, shelf trucks, utility trucks, box trucks, etc.—a lightweight Magliner for every job! Tell us your requirements.



WRITE FOR FLOOR TRUCK BULLETIN

Magliner

Magline Inc.
P.O. Box 304
Pinconning, Mich.

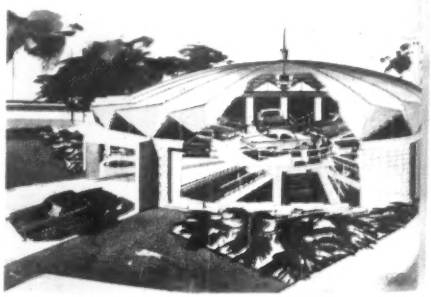
MAGNESIUM FLOOR TRUCKS

A RECENTLY *opened service station in Gramercy, La., is being used by Esso Standard as a testing ground for new marketing and service ideas. It includes a baby nursery, children's playground, a staff of five maids and hostesses, air-conditioned lunch-and-lounge area, patios for outdoor eating, a large vending installation for hot foods, hotel and motel reservation service, and other attractions for the tired touring motorist. Two by-products for Esso—extra publicity and good will.*

But perhaps the most persistently personal of all the new point-of-purchase audio aids is the talking shopping cart which is under development for a major food chain. Silent until a shopper begins to trundle it about the store, the cart will whisper (from a concealed tape) about the specials that are to be found throughout the store. Incidentally, if the cart is taken beyond the parking lot, it emits a piercing screech.

Centripetal Force

The constantly growing importance of the shopping center has been pointed up in a new report from the National Association of Real Estate Boards. According to its study of real estate



A NEW APPROACH *to the merchandising of auto repair service is evident in the circular repair shop recently opened in Detroit by Brodie's Muffler Shops. Designed like a railroad roundhouse, the new shop is the first of 30 to be built around the country.*

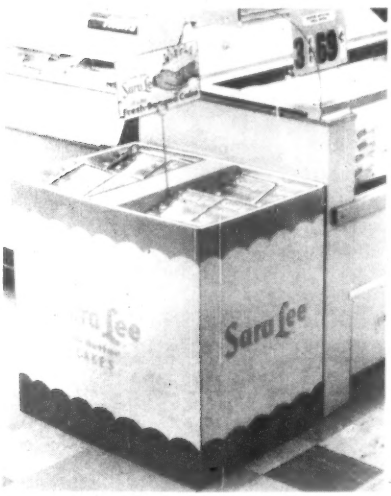
TO ENCOURAGE *shoppers to visit the second floor, a supermarket in Aberdeen, Wash., has added an inclined conveyor which moves alternately up and down. The second floor contains a paint department, toys, shoe repair shop, and a cafeteria.*

agents in 250 communities across the nation, home-buying families are more concerned with locating near shopping centers than near churches.

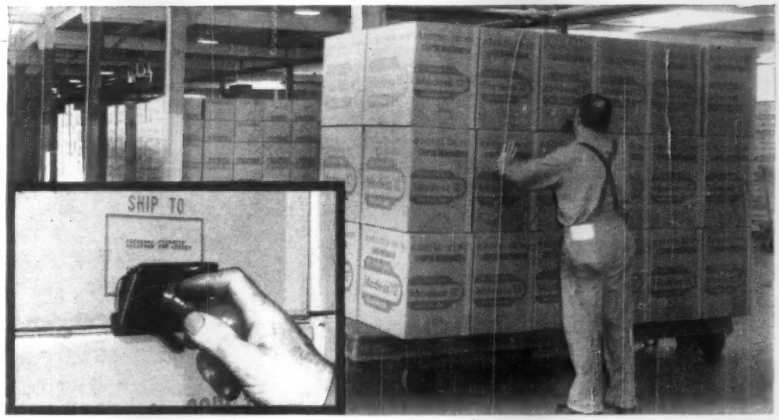
The real estate brokers surveyed report that, despite widespread automobile ownership, home buyers frequently demand locations within walking distance of shopping centers.

Nearness to a shopping center was described as a "strong influence" in home-buying decisions by 22 per cent of the real estate brokers, compared with 18 per cent who described nearness to a church in the same terms.

—T.K.



THIS NEW *portable cooler case makes it possible to place frozen foods anywhere in the store. Developed by Stone Container Corp., it is made of foil-surfaced corrugated board and has a slotted dry-ice compartment at the center.*



Using Weber "Hand Stenciling" System

PERSONAL PRODUCTS CORP. CUTS SHIPMENT ADDRESSING COSTS 43%

one man addresses 36 cartons in less than one minute

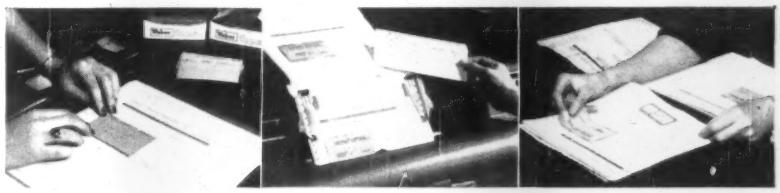
Quality and cost-conscious Personal Products Corp., prepared a detailed Cost Improvement Report. It showed their current addressing method took 7/100 minute per carton. In addition, it was a two-hand operation requiring substantial capital investment in addressing equipment.

A comparative test was made using Weber touch-stenciling. The result: addressing time was cut to 4/100 minute per carton . . . almost in half. And, the Weber system required no expensive equipment.

The Weber Tab-on stencil method was adopted, then there was a surprise! The one man doing all shipment addressing was addressing 30% faster than the Cost Improvement Test indicated. Using semi-live skids holding 36 cartons, he was addressing one full skid in about one-half minute. Here's the procedure:

1. Weber Tab-On Stencil is prepared in Tabulating Department. (See photos below)
2. Stencil is sent to shipping, where it is directly placed on a Weber hand printer. Only Weber hand printers have built-in ink reservoir containing fadeproof waterproof ink.
3. Cartons are addressed with a fast-one-hand "touch" motion in a "Ship To" label frame preprinted on carton by carton manufacturer. After addressing stencil is discarded—nothing to file.

Here's how the stencil is prepared by the Tabulating Department as a by-product of the shipping invoice.



Weber "tab-on" stencil, with carbon backing, attaches over Ship-To section of continuous invoice forms by pressure-sensitive edge.

Automatic accounting machines prepare invoice and address stencil simultaneously from punched card records.

Invoice forms are separated and stencil attached to Shipping Department copy. Shipping Dept. uses stencil to mark cartons.

Send for free bulletin on Weber "Touch-Stenciling" methods. Packed with ideas on addressing and marking multiple shipments.

Weber

MARKING SYSTEMS

Sales and Service in all principal cities

WEBER MARKING SYSTEMS, INC.
Dept. 30E
Weber Industrial Park
Mount Prospect, Ill.

Send me your bulletin on "Touch-Stenciling" methods.

Company_____

Individual_____

Position_____

Address_____

City_____ Zone____ State_____

"I am a Burlington Man"

• Coordinated rail-highway service combines the speed and economy of the railroad with the flexibility of truck transportation—providing the most efficient handling for many products.

That's why the Burlington has pioneered in "piggy-back." This is a *service* organization, intent upon serving its customers with the most modern transportation facilities.

Today, this railroad provides direct rail-highway service to more than 1200 points. Its subsidiary, the Burlington Truck Lines, operates over 2,500 pieces of equipment. Burlington schedules, both rail and highway, are designed for shipper convenience and operated with dependability.

This is a truly great transportation system. So, of course, I'm proud to say,

"I am a Burlington Man!"

Burlington Route

CHICAGO, BURLINGTON & QUINCY RAILROAD
COLORADO AND SOUTHERN RAILWAY
FORT WORTH AND DENVER RAILWAY

BURLINGTON LINES · *Everywhere West*

Ideas at Work

In a variety of new ways, manufacturers help distributors and dealers to up their sales.

Committees, telephone news, and an "idea exchange" keep employees aware of what's going on.

Manufacturers Display Wares at Distributor's Trade Show

Dealing with distributors is becoming more and more important in a marketing economy, and a number of companies have come up with ideas to improve cooperation between manufacturers and industrial dealers.

One is to have trade shows staged by dealers for their customers, at which manufacturers can exhibit their products as well.

James Reider, president of the George T. Johnson Company, a sanitary supplies distributor of Medford, Mass., felt such a trade show would be a good way not only to boost sales but to enhance the prestige of janitors, cleaners, and building superintendents, who are an important purchasing influence.

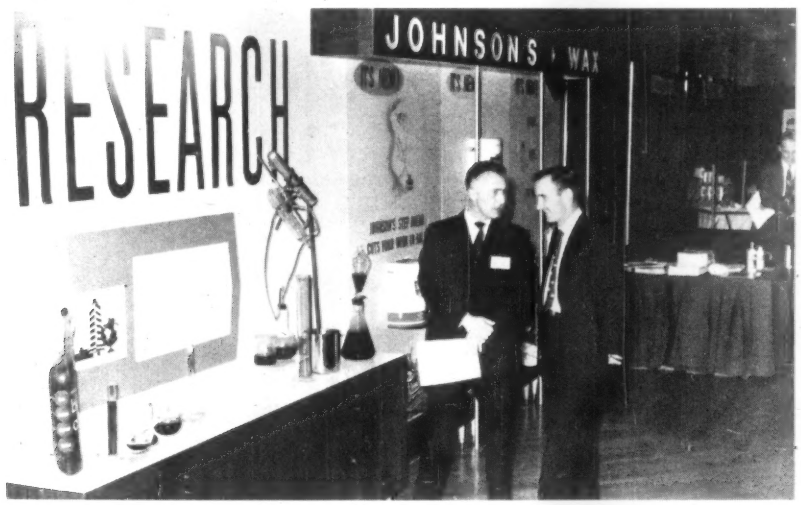
Although the company is one of the largest in the field, it is small compared to distributors in other industries. Hence, Reider had to keep his budget low.

He decided to key the trade show to a theme not usually covered—the "why" of professional housekeeping rather than the "how." Every effort was made to keep the program strictly professional, and "clinics" emphasized the scientific aspects of sanitation.

Thomas B. Martin, advertising and merchandising director of the S. C. Johnson and Son, Inc., which makes various sanitary supplies, was one of the companies that bought a sales booth for the show. Martin reports, "These dealer trade shows have been gaining popularity. When they are well organized, well planned, and well promoted, they can be successful for the distributor and the manufacturer. What's more, they can help sell goods."

When Reider's sales "teams" explained to manufacturers the purposes of both the show and the "clinics," every available foot of floor space was sold out. Reider also spent a lot of time and effort organizing attendance. The show got a big turnout.

"Reaction from manufacturers who bought booths," Reider said, "was almost unanimously in favor. We got several letters that said they would be delighted to do it again, and all of us felt it was one of the best possible approaches to the people who actually do the buying."



The George T. Johnson Company ran a highly successful dealer's trade show with booths for manufacturers. It emphasized the scientific approach to industrial housekeeping.

Help for the Retailer

The New York Paint, Varnish, and Lacquer Association has found a way to help retail dealers.

The group recently set up a Dealer Advisory Committee after manufacturer and raw materials supplier executives found that many retail dealers were unwilling to bare their problems at open meetings or conventions.

The retail dealers are faced with technical and management problems which they may lack the experience to solve—advertising, credit, accounting, sales promotion, and so on.

Under the advisory committee operation, experts from concerns affiliated with the Paint, Varnish and Lacquer Association, and members of the Paint and Allied Credit Men's Association, meet privately with any dealer requesting help.

Michael Rubenstein of Baldwin Oils & Commodities, who organized the advisory committee, said that in the last few months it has helped a

[Advertisement]

IF you need to know how to feed your employees most pleasantly and in the long run economically, then remember this:

S. BLICKMAN, Inc., builds fine kitchens and cafeterias. Some may build them cheaper; no one builds them better. Blickman combines thoroughly old-fashioned standards of quality with thoroughly modern food service engineering and stainless steel fabrication. Thus Blickman kitchens and cafeterias achieve beauty, efficiency, and unheard-of durability.

WE have recently enlarged our custom kitchen facility, and can now accept two additional contract clients with installations to be completed by December, 1961 or sooner. S. Blickman, Inc., Gregory Ave., Weehawken, N. J.*

**You should at least have our current booklet.*

Panama-Beaver

Carbon papers
Inked ribbons
Unimasters

Coast to Coast Distribution
MANIFOLD SUPPLIES CO.
Brooklyn, New York

WHAT KIND OF VISUAL SALES JOB DO YOU HAVE IN MIND?

We have automatic projectors for point of sale and trade shows. We have desk top viewers for both slides and film strips — with or without sound, designed with your salesmen in mind.

For information, write Dept. D-5
TEL-A-STORY, INC., Davenport, Iowa

number of dealers and pulled at least one out of the red by counseling him on financial and personnel policies.

Inventory Guide

Inventories are a major headache to many manufacturers in working with distributors and dealers.

In the electrical products field, the Federal Pacific Electric Company has taken an unusual approach to this problem area.

The company agrees to take back all current but slow-moving products in return for an order of equal value for items the dealer believes would move faster.

The open return has one major condition. The distributor must agree to work with a Federal Pacific representative to determine inventory adequacy in terms of market trends and new product developments.

Specifically, the distributor uses the FPE "Inventory and Buying Guide," a booklet that sets up established minimums and provides entries for monthly inventory figures and quantities on order.

Federal Pacific assumes responsibility for keeping adequate headquarters stock of standard items, plus stock at redistribution points throughout the country, to assure a ready supply within a normal delivery schedule.

Robert Bobo, vice president of marketing for the company, said the whole plan was designed to get maximum manufacturer and distributor profits through teamwork. The plan went into operation early this year. So far, Bobo reports, it has had an overwhelmingly good reception.

Industrial Road Show

In their efforts to help dealers or distributors, several companies have adopted mobile showrooms to bring their display of wares as close as possible to the industrial customer.

Trailers and vans, of course, have been used for years as promotional devices. But when used for consumer products, they run into problems of weather, limited volume of sales, and reaching large numbers of customers, problems which have less effect in the industrial market.

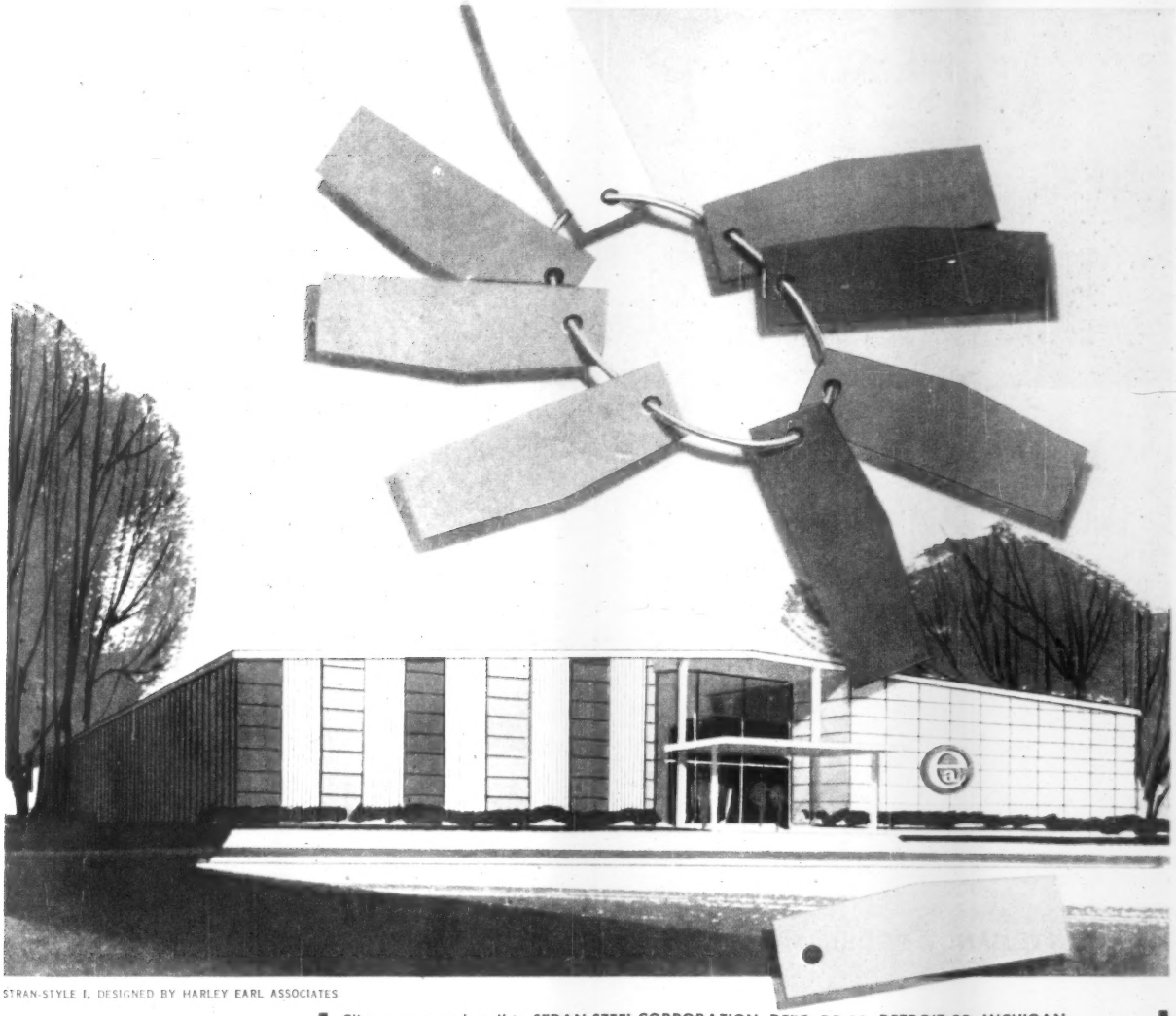
The sales-minded DoAll Company of Des Plaines, Ill., parent corporation for a number of machine tool manufacturers, has equipped a

HIGH-STYLE DISTINCTION IS YOURS WITH STRAN-SATIN COLORS

Stran-Style horizon-hugging profile buildings are an asset to any community. From lawn level to low-sloping roof, they are smartly functional, give optimum space for efficient operation.

Nine bright new Stran-Satin colors are baked on at the factory. The Stran-Satin process is a multi-layer, protective coating of vinyl-aluminum or vinyl-base color over zinc-coated steel. Stran-Satin colors will not peel or fade . . . assure protection and beauty without maintenance for years to come. All blend well with wood, brick, glass or stone. Financing available for complete buildings from ground up. For detailed information, fill in and mail coupon below.

on pre-engineered STRAN-STEEL buildings



STRAN-STYLE I, DESIGNED BY HARLEY EARL ASSOCIATES

Stran-steel

Clip coupon and mail to STRAN-STEEL CORPORATION, DEPT. DR-13. DETROIT 29, MICHIGAN

Please send complete literature on Stran-Style Buildings in Stran-Satin Color. I'm interested in a building approximately _____ ft. by _____ ft. to be used for _____

Name _____ Title _____

Company _____ Phone _____

Address _____ County _____

City _____ Zone _____ State _____

STRAN-STEEL IS A DIVISION OF **NATIONAL STEEL CORPORATION**

A repair shop is expensive to operate . . .

YOU ELIMINATE REPAIR SHOP COST WHEN YOU RENT!

Rent your Industrial trucks through the Clark Rental System and get out of the repair business! When you rent, all equipment maintenance is furnished by the Clark Rental System. You eliminate such unnecessary costs as idle time of mechanics, parts inventory, clerical and supervisory overhead and the use of valuable plant space.

When you rent you save in many ways by eliminating or controlling—

DOWNTIME!
MAINTENANCE PROBLEMS!
HIDDEN COSTS!
CAPITAL INVESTMENT!
IDLE EQUIPMENT!

A special cost comparison chart, comparing ownership to rental, is available for computation in the privacy of your own office. A letter, a wire or phone call will bring you both the cost comparison chart and a detailed brochure on the Clark Rental System. No obligation.

CLARK® RENTAL SYSTEM

Tailored-rental programs for long or short term

CLARK RENTAL CORPORATION
Dealers in all principal cities

485 Lexington Avenue,
New York 17, N.Y. • MU 2-3910

special 35-foot truck van to haul and display large machine tools and assorted cutting and gaging equipment.

DoAll for the first time last year sent the trailer on a tour of the country, under a tight schedule worked out with its 38 sales and service stores. The truck, which has a permanent driver and demonstrator, pulls up right in the customer's plant.

The van originally was built for use on the West Coast, but was so successful that DoAll decided on the nationwide tour. Although actual results are hard to pin down, the company feels it has been a "tremendously effective sales tool."

Armstrong Cork, which has for years used trailers to reach dealers, this year has 22 on the road, working under schedules provided by wholesalers. It shows dealers merchandising materials—displays, lighted signs, and the like—and increases their knowledge and handling of Armstrong resilient floor products.

Employees Speak Out

A special Communications Committee is helping Joanna Western Mills Company of Chicago build employee identification and deal with employee gripes. It is made up of six to eight hourly rated employees at Joanna's big Chicago plant, plus representatives of various management levels.

Foremen and technical people, who make up the Production and Improvement Committee, and middle managers, who make up the Manufacturing and Finishing Committee, are represented by their committee chairmen.

Also on the Communications Committee are the personnel manager, N. W. Heuel, and, attending at least once every two months, the company president, Fred R. Regnery. Industrial Editor Eileen Carlson attends the meetings and sends out full reports to all 40 plant bulletin boards in "Shop News 'n' Views."

The committee meets every other week to discuss problems and hear top management review company plans and the business and industry outlook. For instance, the sales manager of Joanna's Plastic Fabrics Division recently reported on sales forecasts, new equipment, the reason why certain accounts were lost and others gained, and other developments in his division.

The employee members of the committee ask questions, discuss and

bring up problems with complete freedom. Some time ago, Joanna Mills instituted a merit review system in its Chicago plant. Although the system worked out well, it had a few bugs in the beginning. The problems quickly came to the attention of top management through the committee.

"Management has found the Communications Committee a real two-way street," reports Eileen Carlson. "In the year that it has been operating, employees have brought up a lot of problems, and they have been able to learn for themselves and other employees about management's problems and plans.

"One of the big contributions has been the way the committee engenders a closer feeling between employees and management."

News by Telephone

Rockwell Manufacturing Company is improving employee communications by the simple expedient of using the telephone.

It uses an automatic answering device to record up-to-the-minute news of promotions, employee and company awards, cafeteria menus, financial information, and news about the plants, the weather, even basketball scores.

The brief messages are dictated into the automatic answering device before the working day begins. Employees dial a special number and listen for the recorded news, with all the items totaling no more than 60 seconds' listening time.

The answering device is rented inexpensively from the telephone company, and the setup supplements bulletin boards and letters—which, says Francis Curry, manager of headquarters personnel, still remain the basis of Rockwell's employee communications.

Idea Exchange

Another idea in company communications has been worked out by the Industrial Chemicals Division of American Cyanamid.

The manager of one of the division's smaller plants suggested that ideas, innovations, and techniques developed in one plant might be serviceable in other plants.

The division organized an informal bulletin, "An Exchange of Ideas for

continued on page 128

once out your door...

you need the protection Wirebounds give

Bumps, knocks and squeezes are always a possibility . . . whenever you ship. The only control you have over product protection is your container.

Wirebound Boxes, Crates and Pallet Boxes provide exceptional protection . . . under even the toughest handling conditions. There are good reasons for this.

Engineered to your needs—Every Wirebound is custom-engineered to your product, shipping and storage requirements. The strength, resiliency and rigidity of all Wirebound components are carefully balanced to provide the maximum protection at the lowest possible tare weight.

All weather container—Whether a Wirebound is subjected to the frying sun or a cloudburst . . . its protective strength remains high . . . thanks to wood's natural resistance to the elements.

Built for handling . . . stacking—Mechanized handling and Wirebounds go together. Wirebounds stay put on a lift truck . . . don't slide or tip. They stack straight, high and safely.

Ask your "Man from Wirebound" to show you how products shipped in Wirebounds . . . "Get there right."

IT GETS THERE *RIGHT* IN
Wirebound
BOXES & CRATES

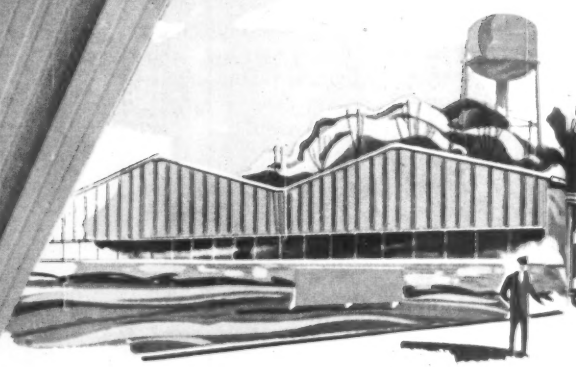
WIREBOUND BOX
MANUFACTURERS ASSOCIATION
Room 1457 222 West Adams Street
Chicago 6, Illinois

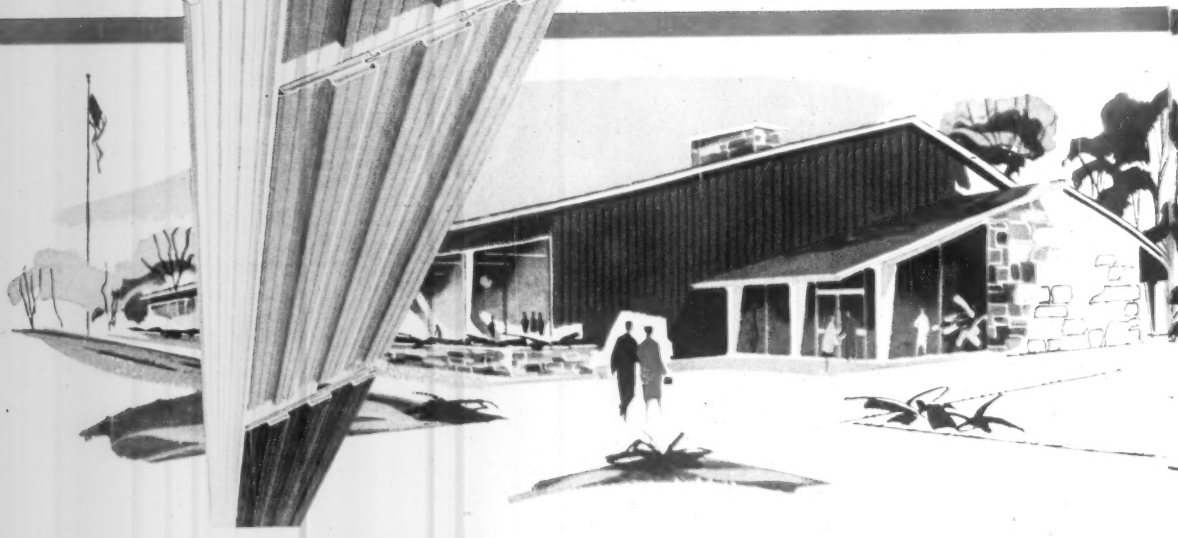
☐ Please have the Man from Wirebound call on me
☐ Please send FREE booklet "What to Expect from Wirebounds"

Name
Title
Company
Address
City State

Monopanl™ the new pre-assembled, insulated, weather-sealed curtain wall.

Butlerib™ new Butler wall and roof panels that have become the quality standard for pre-engineered buildings.





Now! Beautiful
BUTLER · TONE™ *finish*
on Butler panels

A new mark of quality for pre-engineered buildings

Now you can give your new building the very latest in distinctive, long-lasting color finishes, and yet take advantage of all the modern efficiencies and economies of Butler pre-engineered construction.

Butler's newest advancement in color coating, Butler-Tone™, is a two-coat, baked-on finish that is firmly annealed to Butler wall and roof panels. The finish is an integral part of the metal surface . . . it provides a uniform, continuous covering that is outstanding in appearance and resistant to weather, corrosion, impact and abrasion.

And the inside surface is off-white, giving you a pleasing light-reflective wall finish. Color on *both* sides . . . another Butler exclusive!

More and more people are turning to the Butler Building System, because of the quality construction of pre-engineered factory-fabricated parts . . . the broad, clear spans of Butler rigid-frame construction . . . the ease with which Butler buildings can be enlarged for expansion . . . the unlimited design opportunities in combining other materials with Butler components . . . the speedy, trouble-free erection . . . and the dependable, talented services of the nationwide group of Butler Builders. It's the lowest-cost way to build well.

Be sure to check with your Butler Builder about your new building; he is glad to be of service in helping analyze your construction needs. Look for his name in the Yellow Pages under "Buildings" or "Steel Buildings." Ask about financing, too. Or write direct to us for more information.

BUTLER

BUTLER MANUFACTURING COMPANY

7417 East 13th Street, Kansas City 26, Missouri

Manufacturers of Metal Buildings • Equipment for Farming, Oil Transportation, Outdoor Advertising • Contract Manufacturing

Sales offices in Los Angeles and Richmond, Calif. • Houston, Tex. • Birmingham, Ala. • Kansas City, Mo. • Minneapolis, Minn. • Chicago, Ill. • Detroit, Mich. Cleveland, Ohio • Pittsburgh, Pa. • New York City and Syracuse, N.Y. • Boston, Mass. • Washington, D. C. • Burlington, Ontario, Canada

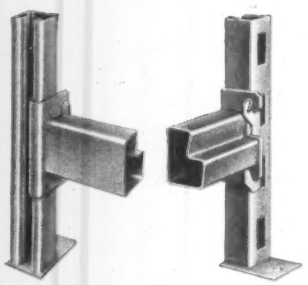
offices
plants
stores
showrooms
recreation centers
warehouses
schools
churches
terminals

American

Slide-n-Lock adjustable STORAGE RACKS

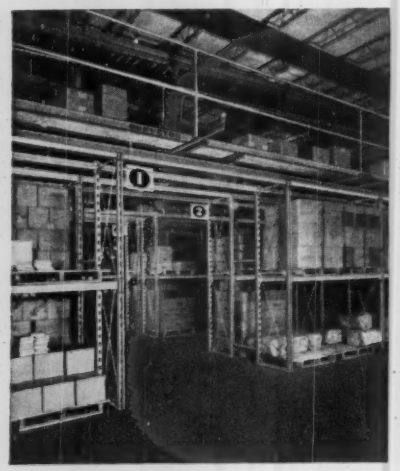
no storage rack but American offers all these features

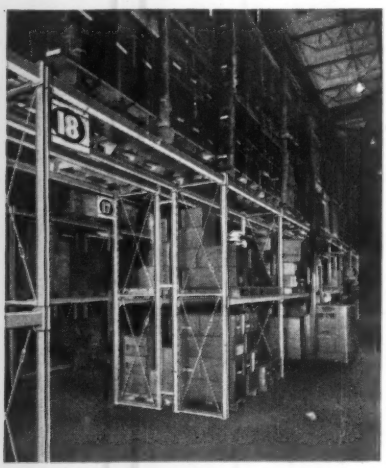
1. **American Stringers are one-piece**— made of durable, continuous welded steel tubing, made from high carbon steel.
2. **American Stringers have step construction** for fast, simple conversion to decking — step is 1 5/8" deep — thickness of finished 2" lumber.
3. **American Posts are rugged** — made from extra heavy gage steel — roll formed by special tooling.
4. **American has positive double-wedging lock** — safe-t-pin gives positive security against unhooking stringers.
5. **American has smooth, aisle-side construction** — no protrusions of any kind to tear clothes or create a safety hazard.
6. **American has higher safety factors** — 2.25 to 1 — for greater protection to truck operators and merchandise.
7. **American Racks are easy to erect**— no costly bolting — all parts hook into place.
8. **American Racks are easy to adjust** — all stringers can be moved independently of any other part.
9. **American Upright Frames are cross braced** against sway — turnbuckles provide ready take-up for uneven floors.



10. Upper left — smooth line construction of aisle side of post and stringer eliminates hazardous protrusions. Stringers raise and lower like a window. Upper right — note rigid connection when stringer is "locked" to post.

send for catalog





American Slide-n-Lock storage rack installation, Henry Holt & Company, Clifton, New Jersey

AMERICAN METAL PRODUCTS COMPANY

STORAGE RACK DIVISION

5969 LINSDALE AVE. amp® DETROIT 4, MICHIGAN

Manufactured in Canada by Sunshine-Waterloo Co., Ltd., Waterloo, Ontario

ICD Plant Managers," with no formal schedule and the least possible editing of material submitted by plant managers, supervisors, and other personnel.

Each "Exchange" runs to five or six pages and contains all kinds of manufacturing ideas.

Prizes with Suspense Added

All kinds of incentives have been used for salesmen, but Bob Meyers, a service station dealer of the Pure Oil Company in Cincinnati, has come up with a new one.

It combines the usual prize with an ingenious way to create suspense. It also spreads the effect of the award over a number of products. Salesmen, in consequence, are less likely to concentrate on one item, ignore others.

Meyers offers a cash award for selling the most of a certain item during the month, a common procedure. But here's the catch: He doesn't tell his personnel what the item is. At the end of the month, he announces the item, then allocates the prize.

"Support" Division

Esso Research and Engineering, principal research arm of the Standard Oil Company of New Jersey, has squeezed considerably more efficiency from supporting groups by consolidating them into one division. Secretarial and stenographic forces now have a unit to themselves.

Effectiveness of the supporting employees has increased with the "merger," reports Gordon W. Duncan, manager, who has guided the new Office and Plant Division's operations over the past few months.

For administrative purposes, personnel are assigned to four different areas, each one headed by an area supervisor. But administrative responsibility for secretarial, mail, laboratory service, transportation, telephone, photographic, cafeteria, and other personnel is combined.

Two typical savings were found in the use of messengers and in payroll and timekeeping. Consolidating messenger services has permitted improvement of routes and work loads, and fewer people are now needed to carry out payroll and timekeeping functions.

Organizing the division also means that personnel can be temporarily switched to even out peaks and valleys in workloads. —J. R. M.

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

Secrets of Growth

THE THEORY OF THE GROWTH OF THE FIRM *by Edith Tilton Penrose. John Wiley & Sons, Inc., 440 Fourth Ave., New York 16. 272 pages, $6.*

What principles govern the growth of companies? How fast and how long can they grow? This closely reasoned new analysis should offer important insights for top management and economists alike.

"Togetherness" in the Plant

HUMAN RELATIONS AND MODERN MANAGEMENT *edited by E. M. Hugh-Jones. Quadrangle Books, Inc., 119 West Lake St., Chicago 1. 256 pages, $6.*

Interesting papers by American, English, and Dutch labor-management specialists, in language ranging from clear and sparkling—as in "The Function of Management," by E. Wight Bakke—to darkest academese.

Inspiration at Work

TRAINING AND SUPERVISING SALESMEN *by Charles L. Lapp. Prentice Hall, Inc., 70 Fifth Ave., New York 11. 223 pages, $5.95.*

Slipshod supervision—slipping sales. From this basic premise, the author demonstrates, step-by-step, his tested formula for improving morale and results in the field.

Far-flung Business Empires

ORGANIZING FOR INTERNATIONAL OPERATIONS *by Alexander O. Stanley. American Management Association, Inc., 1515 Broadway, New York 3. 318 pages, $12.*

Detailed blueprints of 50 company overseas organizations—who reports to whom, what goes on where, how domestic and foreign activities are coordinated. By a DUN'S REVIEW Contributing Editor ("International Markets").

Executive Compensation

FINANCIAL INCENTIVES FOR MANAGEMENT *by Richard C. Smyth. McGraw-Hill Book Company, 330 West 42nd St., New York 36. 302 pages, $8.50.*

A comprehensive discussion of merit increases, incentive bonus plans, stock option programs, and so on. Documented examples from leading companies illustrate effective applications of each.

7-FT. AISLES

Now you can have them . . . without obsoleting your present racks or pallets

New RAYMOND® Reach-Fork® makes it possible!

IT'S TRUE! RAYMOND's new 4,000 lb. Reach-Fork electric truck right-angle tiers pallet loads as high as 20 feet from aisles as narrow as 7 feet* . . . nearly half the width counterweighted trucks require . . . giving you an extra row of storage per 12-foot aisle now used. Can increase storage capacity up to 50%.

NO SPECIAL PALLETS OR RACKS NEEDED

Operates from the aisle . . . forks reach right into the rack to pick up or deposit loads, extending 24" and back in seconds.

This is not a "beefed-up" model of a truck designed 10 years ago . . . but a brand new 4,000 lb. unit . . . built from the ground up to withstand tough, continuous performance, at fast speed, fully loaded, indoors or out . . . on long ramps . . . on slippery or uneven floors . . . and in narrow RAYMOND aisles. Operates hour after hour, day after day with minimum maintenance—there is no other truck like it! Send for bulletin.

*for exact aisle width, consult your RAYMOND representative.

Ask about Raymond's lease-rental plan!

The RAYMOND CORPORATION
4696 Madison St., Greene, N.Y.
Please send new 4000 lb. Reach-Fork bulletin

NAME _____ TITLE _____
COMPANY _____
STREET _____
CITY _____ STATE _____

KEY CONSIDERATIONS:

The MAN

The CHAIR that holds the man who does the work

The GIRL behind the man

Get day-long efficiency with the New CRITERION by

HARTER

SPECIALISTS IN SEATING AND SEATING ONLY FOR OVER 30 YEARS

Model 41400 Model 41430 Model 51410

Criterion's clean, crisp lines complement any decor. Unique cantilever arms allow complete leg freedom. Bridge-strong steel construction assures long chair life. Deep foam cushions in seat and back for cool comfort all day long.

The most important piece of furniture a man or woman uses in an office is the chair. Other furniture holds the work . . . *the chair holds the worker!* The worker's alertness and efficiency depend largely upon the chair he sits in. And he can't sit in a better chair for top accomplishment than the new Harter Criterion . . . it is designed for a fuller day's work. Invest in Harter Chairs for productivity dividends!

Get free full color literature by return mail. Just clip this coupon, print your name on your letterhead, and mail to:

HARTER CORPORATION

5002 Prairie Street, Sturgis, Michigan

Canada: Harter Metal Furniture Ltd., Guelph, Ontario

Capital Views & Previews

PAUL WOOTON

Business can avoid trouble and oppressive laws by self-regulation, says the head of the FTC

FTC Chairman Earl W. Kintner

EARL W. KINTNER took over as chairman of the Federal Trade Commission last June after nearly 11 years in its legal division. In the months since he became head of the Commission, complaints about misleading advertising have been pouring in.

He attributes the great increase in complaints more to the public's growing awareness of the Commission's existence, and the rise of advertising volume, than to any growing laxity in managerial discipline among advertisers. "In my observation," he told DUN'S REVIEW, "there has recently been a significant improvement in such managerial discipline."

There is great diversity in the types of complaint received. The 550 reports of deceptive practice now awaiting investigation pertain to 150 different classes of products. Household appliances account for roughly 10 per cent of the complaints, followed by food; shoes and clothing; hearing aids; reducing aids; contact lenses and other medical devices; household cleaners and polishes; record and book clubs and encyclopedias; furniture; photographic equipment and supplies; jewelry and watches; correspondence courses; insurance; cosmetics and toilet preparations; automobiles; drug and hair treatments. No other commodity accounts for more than 1 per cent of the total.

There would be no necessity for legal restraint, Kintner points out, if all advertisers and all broadcasters lived up to the codes of the Advertising Federation of America and the National Association of Broadcasters. Even those who do not are given a chance to purge themselves of fault before the FTC moves against them. As yet, for instance, it has not proceeded against any broadcaster.

Repentance wins forgiveness

"You might say that the Commission allows some margin for error to advertisers who are willing to acknowledge the error and correct it," Kintner says. "We are certainly less likely to begin cease-and-desist proceedings when there is good reason to believe they are unnecessary. The Commission's basic objective, after all, is to obtain compliance with the law."

The chairman warns, however, that anyone who attempts to base his advertising on obedience to the letter, but not the spirit, of the law will probably receive continued careful consideration from the FTC staff. Intelligent compliance with the law is not a matter of reading the fine print in a

WHAT DO YOU WANT IN A PLANT SITE?

Let's skip the "wonderful place to live, work and play" routine.

If you have the job of convincing management or directors, you need cold facts and figures to prove the ECONOMIC FEASIBILITY of a move or expansion by your company.

TELL US FRANKLY WHAT YOU WANT. We will hold your request in complete confidence, dig up facts, make competent analyses, locate suitable sites or available buildings, give you the full story in concise, graphic form. All without charge or obligation.

AND, BELIEVE IT OR NOT, WE'LL BE THE FIRST TO TELL YOU IF SOUTHERN NEW JERSEY IS NOT FOR YOU.

A letter or phone call will start us working on your behalf.

SOUTHERN NEW JERSEY DEVELOPMENT COUNCIL

99 Arcade Bldg., Atlantic City 4-3338

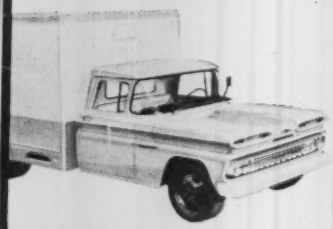
G. RAYMOND WOOD, Director

Write for Our New Site Map

smart truck users choose

NationaLease
the PREFERRED way to lease trucks

because it's national in experience and service—local in costs and controls



NationaLease supplies everything but the driver at flexible, local-level costs. On-the-spot management provides highest efficiency; full service, one-invoice truckleasing—the LEASE-FOR-PROFIT way.

NationaLease service doesn't add to your cost . . . it saves. Saves the capital and management time you now spend on trucks so you can put yourself—and your money—back into your own business.

Lease for Profit

Lease a new Chevrolet, or other fine truck, operate it as your own with no investment, no up-keep.

For facts about full-service, "Lease-for-Profit" truckleasing — and the name of your local NationaLease firm, write

NATIONAL TRUCK LEASING SYSTEM
Serving Principal Cities of the United States, Canada, and Puerto Rico
23 E. JACKSON BLVD., SUITE: D-5 CHICAGO 4, ILL.

search for loopholes that will keep you safe while evading the real intent of the regulations.

Many wonder how one advertiser is picked out for legal restraint from a group charged with the same offenses. The FTC chairman says that in acting on complaints, the Commission makes an effort to choose situations which have the greatest bearing on the public interest, and to choose the leaders in an industry rather than the followers. "No offenders are 'singled out.'" Kintner adds, "but of necessity, the Commission must act selectively in its enforcement proceedings. It does, however, attempt to avoid placing any respondent at a competitive disadvantage."

Origin of the FTC

Created by act of Congress in 1914, the Federal Trade Commission consists of five commissioners appointed by the President and confirmed by the Senate for terms of seven years. Its functions are strictly administered according to powers granted by Congress, which in a number of recent statutes has directed the Commission to prevent some very specific abuses. With a staff of approximately 750 and an annual budget of nearly $7 million, the FTC is also supposed to keep its eye on the nation's economic life and to prevent all "unfair methods of competition and unfair or deceptive acts and practices" in interstate commerce.

It also issues "Trade Practice Rules and Guides," and following the original Wilsonian concept, the staff is always ready for informal conferences with those who sincerely seek to avoid violating the law.

"In this area," Kintner notes, "we are not attempting to develop techniques for getting away with as much as possible. What we are doing is providing assistance for those who want to stay away from questionable practices 'approaching the borders of legal action.'"

To Kintner, a system of free competition implies "that the great mass of decisions affecting the interplay of market forces will be made by private citizens. It implies that Governmental proscription or regulation of economic activity will generally be limited."

The Government fails if the monopolist or the predator imperils the freedom of the market place, but it also fails if individual freedom is

NOW!
A Valuable Tool for Management Training

Executive development means more than giving younger management men the performance data for your company. It also includes an understanding of all the important areas of the business scene.

Today, only DUN'S REVIEW provides complete coverage of business. Each month the magazine reports the latest news and spotlights future trends in production and product development, marketing, administration, finance, legislation, economic conditions, labor relations, and overseas trade.

This is the information your younger executives need to give them the background required for effective action.

To companies wishing to take advantage of the help DUN'S REVIEW can provide to establish training programs, we make this special offer:

3 or more one-year subscriptions ordered at the same time only $3.35 each

This represents a one-third saving over the normal annual subscription price of $5.

Copies may be individually addressed to home or office or may be bulk-shipped to your company for distribution by you.

To order, simply send names, titles, and addresses to:

Circulation Department
DUN'S REVIEW and Modern Industry
99 Church Street, New York 8, N.Y.

"sacrificed unnecessarily in the effort to limit the greedy and the unethical."

Advertising, Kintner points out, is now facing a crisis in public confidence. He hopes self-regulation in that $12 billion industry will prevent its being besmirched by the small proportion of advertisers who use questionable methods. Business will always suffer "from the sins of fly-by-night sharp-shooters," but Kintner finds it heartening that advertisers in general are reappraising their practices and making great improvements.

Kintner is a graduate of DePauw University. He served in the Navy during the war, was on the U.N. War Crimes Commission, came to Washington as a trial attorney for the Federal Trade Commission in 1948, and before becoming a member of the Commission, continued to work in its legal division. He is also a past president of the Federal Bar Association.

The FTC chairman is convinced that antitrust laws must be a permanent feature of our democratic life, that they stabilize and insure the continuance of our economic system. Good government, he affirms, preserves competition by prudent regulation.

"I believe in firm, fair enforcement of the antitrust and trade regulation laws now on the books. There should be no disagreement on that point, either from the standpoint of the public interest or from the standpoint of enlightened business self-interest."

Public and private interest

The public can best serve its own interest "by reporting to the Commission any false claims and irregularities."

And business can best serve its own interest by honest compliance with the law. He is well aware that "self-discipline" is an over-used word and has been diluted with false piety. Nevertheless, he thinks it should be one of the major tenets of business policy. The business community, he says, can obviate the need for oppressive regulation by regulating itself. "And adhering in good faith to the rules of fair competition accomplishes more than the mere avoidance of penalties imposed by government. It furnishes a living demonstration that free men do not need the heavy hand of police power to make them act for the public good." END

Custom Built Business Equipment Improves All Office Procedures

NO TWO BUSINESSES ARE ALIKE. Your business has operating methods, a personality and individuality all its own. So doesn't it make good sense to invest in business equipment designed to fit your particular operation . . . rather than having to adjust your operation to fit equipment that happens to be available?

LeFebure custom-builds sorting, cash handling, mail handling, filing, record keeping and accounting equipment for industry, commerce and institutions. LeFebure custom-building assures you greater efficiency . . . full capacity with easy accessibility . . . utilization of all space . . . solid strength and durability . . . insulated housing for protection of all contents . . . and complete operator comfort.

A careful analysis of standard units frequently shows the real savings that can be effected with custom designed equipment. Perhaps there's a possibility in your office. Let's find out.

LeFebure

Business Systems and Equipment

LeFebure Corporation, Cedar Rapids, Iowa

An Affiliate of Craig Systems, Inc., Lawrence, Mass.

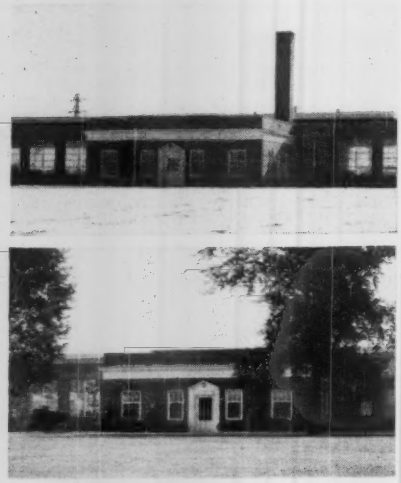
PLANTING PRESTIGE

with trees

by The Davey Business Adviser

Did you ever stop to think that your company's prestige is built on other things besides good products, fine service, happy shareholders?

Just the *look* of your plant site builds—or detracts from—your prestige. That's why it's so necessary to be sure your plant surroundings *add* to your company's prestige.



This is exactly what the Davey Tree Expert Company can do for you—by landscaping your plant site with trees. Mature, healthy trees professionally planted by Davey will tell the world, from your employees and your community to your most distant shareholders, that yours is a progressive management that has invested in community acceptance and employee environment.

If Davey has already helped to add to your prestige by planting trees, remember—every good businessman *protects* his investment. Davey will protect your trees with professional care, by trained specialists using unequalled equipment. Davey guarantees transplanted trees through the critical second year.

DAVEY TREE

EXPERT CO.

Kent 15, Ohio

DAVEY TREE EXPERT CO.

MARTIN L. DAVEY, JR.

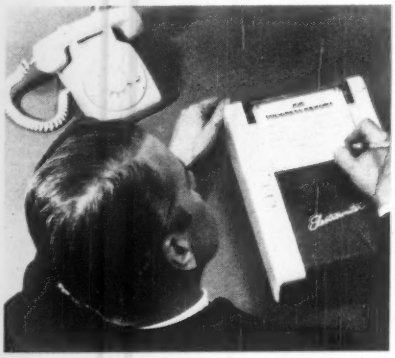
President

THE OLDEST AND LARGEST TREE SAVING SERVICE IN THE WORLD

P.S. Your trees at home add pleasure to the personal prestige they bring you. They deserve Davey care, too. Look up Davey Tree Service in your phone book, or write to Kent, Ohio.

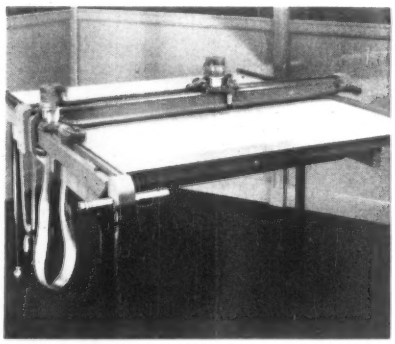
New Product Parade

AUTOMATIC LAYOUTS: Grid systems and coordinate positions are laid out automatically on this plotter. Operating from punched tape or cards, it will produce precision layouts for such work as printed circuits, templates, and charts, and aid in designing precision parts. *"Aero Haag-Streit Coordinatograph," Aero Service Corp., 210 E. Courtland St., Philadelphia 20.*

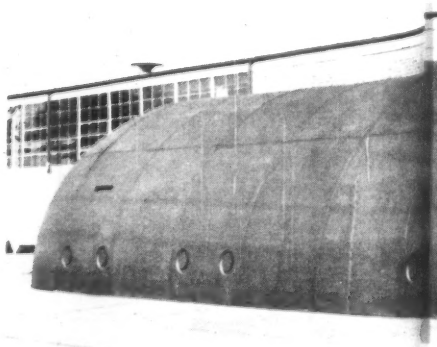


FIBERGLASS SHELTER: According to the manufacturer, this lightweight structure can be erected in one hour by four men using a single tool, and dismantled in 10 minutes. The 50-foot, insulated fiberglass shelter resists fungus and termites, and the surface finish requires no maintenance. *Specialty Electronics Development Corp., Syosset, N.Y.*

RESISTANT: This light, flexible coating material is said to withstand temperatures as high as 6,000° F. When heat is applied, the coating expands and bubbles, providing an insulation for the material underneath. The plastic is expected to find uses as a fire protectant in factories. *"Dyna-Therm 65," Swedlow, Inc., 813 Hoxe Ave., Culver City, Calif.*



WRITE BY PHONE: This instrument instantaneously transmits written messages and sketches over telephone or radio circuits, at close range or long distance. Any number of units can be hooked into the circuit, and the written messages may be alternated with voice service. *"Electrowriter," Comptometer Corp., 5600 Jarvis Ave., Chicago 48.*



THIS MONTH: *Telephone writer, scented packages, electric eraser, new nylon-casting process.*

PUNGENT PACKAGING: Scented polyethylene film adds a new dimension to point-of-purchase advertising. At present, three scents are being demonstrated: citrus orange, bakery, and perfume, all developed by Fragrance Process Co., Inc., New York. *Semet-Solvay Division, Allied Chemical Corp., 61 Broadway, New York 6.*

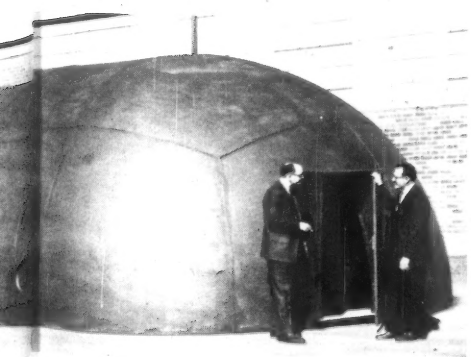
»

FIRM FIBERBOARD: A new chemical process is said to considerably increase the load capacity of fiberboard materials handling boxes. Tests show that a 4-lb. box will support 150 times its own weight without distortion. The rigid boxes are fireproof and won't tarnish copper and brass. *Beacon Boxes, Inc., P.O. Box 483R, Massillon, Ohio.*

»

ERASE ELECTRICALLY: Errors can be corrected quickly and neatly with a new, electrically driven eraser. A slim, 3½" eraser mounted on a flexible shaft rotates at high speed to produce a controlled erasure. Since no pressure is needed, carbon copies are not smudged. According to the manufacturer, the unit is effective on offset plates, mechanical tracings, and sketches. *"Presto 80," Metal Specialties Manufacturing Company, 1975 N. Cornell Ave., Melrose Park, Ill.*

»



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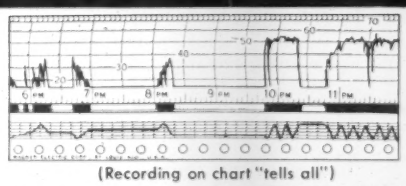
UP TO 31 DAYS RECORDING on a single "strip" chart



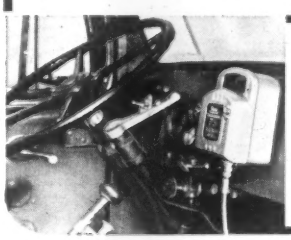
(Recording on chart "tells all")

NEW WAGNER SANGAMO TACHOGRAPH

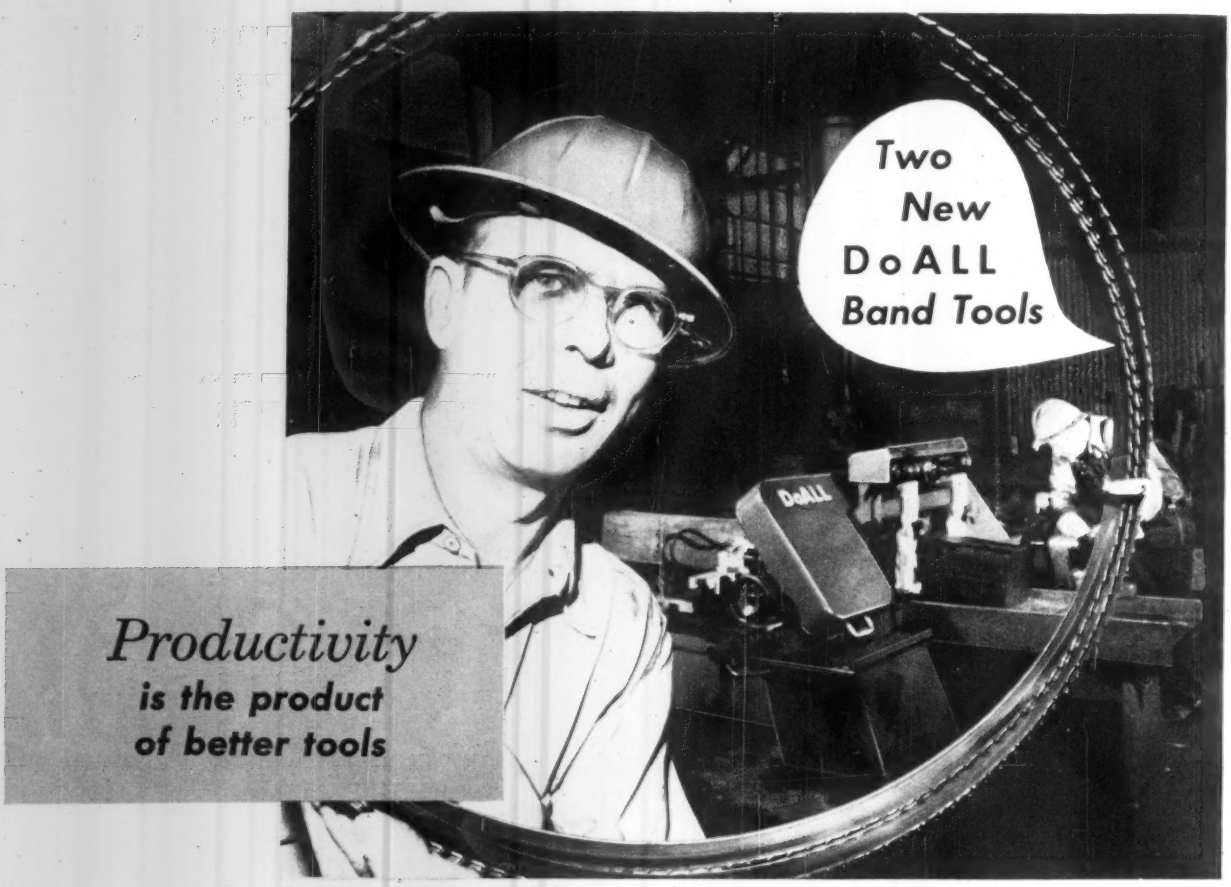
graphically records truck operation

Mounted on the dash of a truck, this new type of recording speedometer permanently records vehicle operation up to 31 days on a single "strip" chart . . . graphic recording on chart indicates time truck engine started, time engine idled, starts, stops, speeds and distances traveled.

Information recorded on chart helps you plan better routing, control speed, and lower operating costs by encouraging safer driving and savings in time, gas, oil and tires . . . For details, mail the coupon.



Wagner Electric Corporation
6439 PLYMOUTH AVE., ST. LOUIS 33, MO., U.S.A.
Send FREE copy of Bulletin SU-140.
Name_____
Company_____
Address_____
City & State_____
We operate_____ vehicles. WS60-7



Power saw and saw band of high-speed steel are teamed for high productivity on automatic cut-off work.

New Power saw Makes Other Methods Obsolete

Just as tools were the first step in man's mastery of his environment, so each new and better tool plays its part in converting raw materials into the products that serve human wants.

A striking example, and a problem still critical in thousands of metalworking shops, is that of reducing stock to workable sizes in the quickest, most accurate and economical way. For many years such cut-off operations have been the tedious task of the power hacksaw, which operates on the slow reciprocating principle of the handsaw.

Enter: the DoALL power saw

Today DoALL power saws using Demon® h.s.s. saw bands make other methods obsolete. This machining "team" sets new standards in faster cutting rates, greater accuracy and new production economies for both straight and angular cut-off work. Efficiency of DoALL power sawing stems from the continuous cutting action of thousands of sharp, hardened teeth. Even the largest billets and barstock can be "slugged"—cut automatically into machinable sections—in an uninterrupted cutting operation. The narrow saw band kerf saves material, further reducing the cost.

Time and again it has been shown that one DoALL automatic power saw can do the work of *three* old-fashioned power hacksaws. The result is a new era of productivity—the kind that is building a brighter future for this country . . . and for much of the Free World as well.

— a revolutionary idea

Removing unwanted metal in large pieces rapidly by band sawing instead of slowly chipping it away is revolutionizing production. Out-of-date machine tools are giving way to new, high-speed DoALL machining methods. DoALL specialists, operating from a nation-wide network of 38 DoALL stores, are productivity consultants to American industry.

PS—16A

Productivity builds America . . . **DoALL** *builds productivity*

For help in metal cutting, grinding and precision measurements call your local DoALL Sales-Service Store or write: The DoALL Company, Des Plaines, Ill.

ALL IN ONE: This tool combines several types of hammers in one unit. Interchangeable heads mounted on spindles are fitted to the base, and as the hammer is used the fit tightens, seating the head securely. Tapping a knock-out pin on the side quickly removes the head for changing. *Dumas Company, Inc., 1 Jackson St., Worcester 8, Mass.*

»

ORDERLY OUTLETS: A new electric conduit system is designed to eliminate messy extension cord tangles. When laid down on present flooring the heavy-duty, tapered rubber channels are inconspicuous and grip the floor tightly. The system can be made to fit any floor plan. *"Electriduct," Ideas, Inc., 214 Ivinson Ave., Laramie, Wyo.*

»

PERMANENT FINISH: A new formula is said to permanently finish building walls, roofs, and walks. The formula, which is applied under air pressure, includes polyester resins, fiber glass, and a choice of rock granules. The manufacturer claims the finish won't crack or peel and is unaffected by extreme climatic conditions. *"Granulife," Award Builders, Inc., 5848 W. Pico Blvd., Los Angeles 19, Calif.*

»

ONE PIECE: Designed to save space, a table and twelve chairs are combined in a single portable folding unit. The one-piece unit defines aisle space exactly, and the chairs swing out 180°

This man is "Ready-to-Buy"

Coming soon...a new way to reach your most valuable market... the people who are "Ready-to-Buy!"

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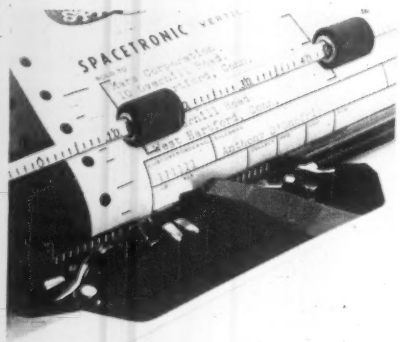
NATIONAL MACHINE PRODUCTS COMPANY
an SPS company
4425 Utica Road
UTICA, Michigan

for ease in seating. *"Model TC-65," Sico Manufacturing Company, Inc., 5215 Eden Ave. S, Minneapolis 24, Minn.*

»

KEEPING TABS: This new electric typewriter simplifies the preparation of printed forms, with an automatic horizontal and vertical tabulating control. A photoelectronic sensor responds to the printed lines on a form



and stops at the precise location where data are to be inserted. No adjustments are necessary when forms are changed. *"Spacetronic," Royal McBee Corp., Westchester Ave., Port Chester, N.Y.*

»

MOLDED NYLON: Large nylon components may now be cast in short runs economically by a newly imported process. Lower tooling costs, lower running rates, and the inherent savings in short runs are cited by the manufacturer. *"Nylocast," Nylon Molded Products Corp., Department R-50, Garrettsville, Ohio.*

»

BREATHING EASY: A new emergency oxygen mask is designed to provide a safe escape from contaminated air. The lightweight components can be

HALF THE NATION'S MARKETS ARE WITHIN AN OVERNIGHT HAUL!

WEST-CENTRAL OHIO has 55% of U.S. consumer, 48% of U.S. industrial markets within 400 miles.

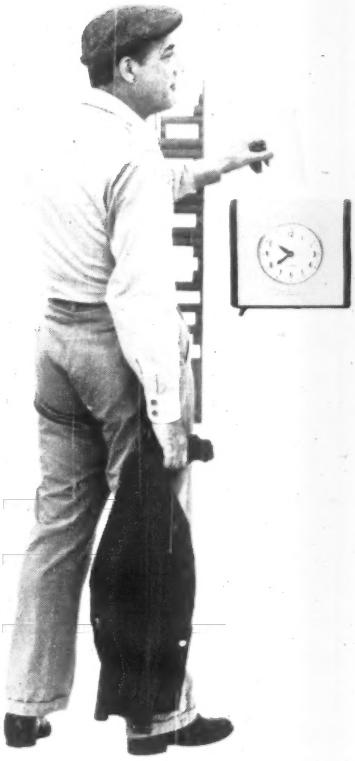
Center-of-market location is just one reason West-Central Ohio has attracted 60 new industries in the past five years. Ample water supply, fine sources for labor and raw materials, good business climate and transportation . . . the full story will lead you to select a plant site in West-Central Ohio, too . . . there are many good ones available now.

Send for Summary of Facts about West-Central Ohio and its strategic location.

THE DAYTON POWER AND LIGHT COMPANY
AREA DEVELOPMENT DEPT.
25 N. Main St., Dayton 1, Ohio
Send area map and pertinent facts about West-Central Ohio.
Name
Firm
Address
City Zone State

Patrol Efficiently and Alertly

Deter Crimes



Keep Daily Log

Prevent Fires

It pays to let Burns mind your business

Burns lowers security costs. We are able to give you more professional protection for fewer dollars. All guard necessities, such as uniforms and sidearms, and such fringe costs as social security, vacations and overtime are included in a complete package. *That means a 20% or more saving.*

Burns frees administrative time. Plant protection is our basic business...but not yours. A Burns contract guard force frees time for important business *planning* and leaves business *protection* to a professional staff.

Burns Guards are thoroughly trained. Every Burns Guard knows: first aid, fire prevention, intruder apprehension, daily log maintenance, time clock supervision, parking lot direction, reception procedures and patrol methods. And each Burns force is under round-the-clock supervision.

Burns analyzes changing needs. Because security is our business, Burns constantly reevaluates your position to keep you constantly alerted. And, with Burns, you gain the positive manpower flexibility you need.

Burns enforces rules objectively. It is our job to recognize and report infringements of your company procedures. Because we are "outside" security, there is no fraternization and rules are enforced to the letter.

Burns ends absentee problems. If a guard cannot show up, Burns will replace him, thus continuing your protection unbroken. This also works another way. If you have a temporary—or permanent—need for more guards, they will be supplied immediately.

Burns security-clears its personnel. Your company's ability to meet a classified contract may depend on reliable, cleared security personnel. Burns is able to provide such guards.

Let us show you how Burns Guards can improve your security system while they save you money. Phone, write or wire and a Burns Security Specialist will be at your service. No obligation. Meanwhile send for our informative brochure, "It takes more than fences."

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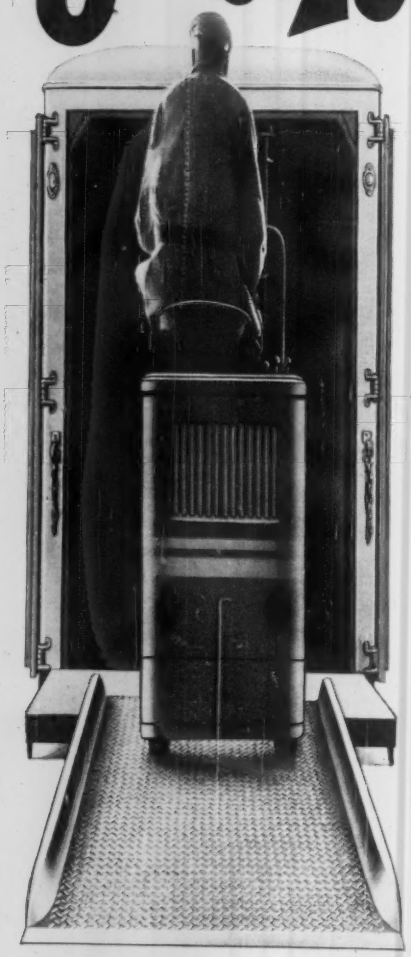
THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC. • EXECUTIVE OFFICES: 101 PARK AVE., NEW YORK 17, N.Y.

Day after day . . .

MAGLINER

MAGNESIUM DOCK BOARDS

Squeeze



...100 PENNIES WORTH OF PRODUCTIVE HANDLING EFFICIENCY OUT OF EVERY DOLLAR SPENT ON DOCK LOADING OPERATIONS!

Magliners are doing a big job for many companies just like yours. You should know how and why Magliner Magnesium Dock Boards can help you move loads between dock and carrier...faster, for less money than it costs you now!

WRITE TODAY FOR BULLETIN DB-204

MAGLINE INC.
P. O. Box 34
Pinconning, Michigan

worn for long periods before actual use. When needed, the mouthpiece can be donned quickly. The cylinder holds enough air for about 5 minutes of breathing under exertion. *"Air Escape Mask," Mine Safety Appliances Company, Pittsburgh 8.*

»

STURDY: A recording tape with a new backing is said to be twice as strong as ordinary acetate-backed tape. It's tear-, stretch-, and moisture-resistant, and is suitable for continuous use and frequent handling. *"No. 311," Minnesota Mining & Manufacturing Company, 900 Bush Ave., St. Paul 6, Minn.*

»

ADJUSTER KIT: Four basic steel pieces in a kit allow you to change any rack you now have to fit any size or shape load. The pieces can be put together by unskilled labor and require no tools for assembly. Pieces in the kit are vertical posts, horizontal belts, dunnage bars, and rack extenders. Vertical posts hang on the A-frames of present racks, and the other pieces lock into place. *"Quick-Rack Conversion Kit," Rack Division, Evans Products Company, Gagetown, Mich.*

»

SUN CONTROL: This new liquid plastic glass tint is applied to already installed windows. It is said to reduce the heat load through windows up to 82 per cent, thus reducing air-

conditioning costs. Ultraviolet rays, which cause fading, are cut by 99.5 per cent, and glare is cut by 91 per cent. *"Sun-X," American Glass Tinting Corp., Houston 5, Texas.* —E.G.

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NEW MAGIC! Distinctive, beautiful, executive correspondence, reflecting your prestige and that of your business. Old Town's M/PR Ribbons give your typing sharp, uniform-black, opaque beauty.

Exceptional results are *yours* because of M/PR's thin, no-break, no-tear, extra long *MYLAR plastic film inked with an exclusive Old Town formula. M/PR Ribbons are unexcelled for distinctive correspondence, original copy on masters for offset reproduction and on Xerox copy; for copying work on all wet or dry copying equipment. There's an M/PR Ribbon for every type of machine with a carbon ribbon feeding attachment.

Order Old Town M/PR Ribbons from your stationer, or write to us your requirements. *Reg. T. M. E. I. DuPont Co.

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5 WAYS

the MAN from the NORTHERN PLAINS

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Based upon your firm's requirements, special investigations will be conducted without obligation by Northern's development technicians to answer your location questions. A full scope of services is offered.

PLANT SITE EVALUATIONS
Everything from business environment to site selection, tailored to meet your needs.

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An intimate knowledge about community financing groups, as well as private financial institutions in this area.

SOURCES OF SUPPLY
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To use these services and obtain current mailings, write Randall Klemme, vice president, Northern Natural Gas Company, Omaha, Nebraska.

We welcome the opportunity to serve you confidentially ...without obligation

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IN YOUR PLANT?

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The Reviewing Stand

Lifeblood of Industry

In the complex and interdependent economy in which we exist, our system of competitive enterprise is still remarkably free of crippling restraints. We are regulated by common consent, and where there is no consent we are regulated by law in which we have a voice and a right to appeal and dissent.

Everything in our economic future points to growth and increased complexity, more regulation and further concessions of individual freedom for the common good. Technology is changing; industry diversifies and decentralizes; offices and research facilities move away from city congestion to create new centers of suburban business and trade.

All these changes influence and are influenced by transport. Constricted by tradition, regulation, taxation, railroads must measure their massive long-hauling capacity against the more fluid, short-haul advantage of the trucks on public highways. Both at long last are finding ways to coordinate their facilities for the benefit of the shipper. The willingness of the railroads and truckers to make some concessions in the customer's interest points up the benefits of the past year in transportation. A little give as well as take will pay off for both.

Water, nature's best pavement for economic travel, still offers distinct benefits for bulk traffic on inland rivers and canals as well as on overseas routes. Air traffic is at the threshold of a tremendous break-through which will revolutionize inventory methods for lightweight, long-haul products. Meanwhile the pipe lines, with their protected arteries across the continent, are competing vigorously with the tankers.

Industry is no better than its means of supply and distribution. Next month DUN'S REVIEW will take a broad and, we believe, challenging look at the whole subject of transportation as its affects industry today. To lay the groundwork for this Special Report to Management, the editors conferred with the best traffic minds among U.S. shippers, carriers, and transportation advisers. The conferences were held at New York, Chicago, and Washington, with 92 men contributing over 400 typewritten pages of opinion, advice, and case history.

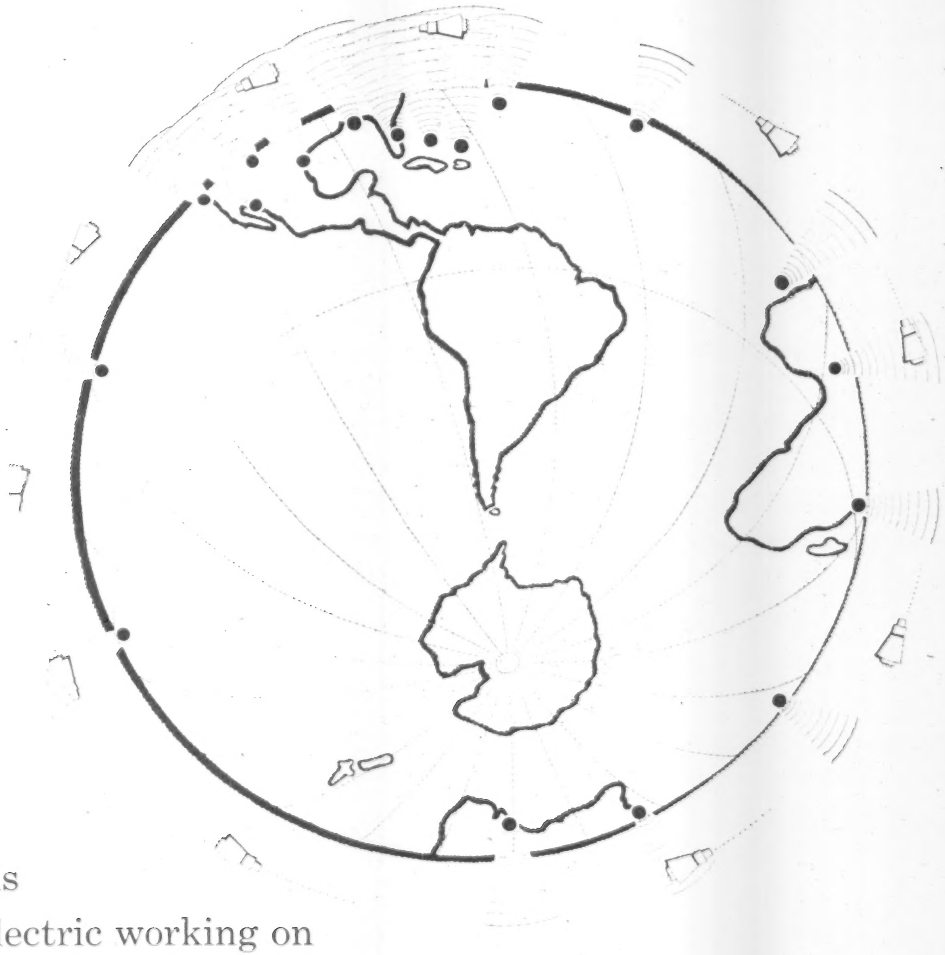
We believe that the key importance of the traffic executive will stand out in eloquent detail before top management in our June issue. One thing is certain: The traffic executive in the 1960's will need to know and understand every facet of transportation. And in surveying his company's needs, he must be qualified to measure each carrier according to its special virtues.

Research: Handle with Care

Information is available fact. Knowledge is acquired information. Wisdom is applied knowledge. Somewhere in this processing of information into wisdom we become interested in truth as an enduring target for the intellect in action. Under skilled and moral direction, research—the science of fact-finding according to specification—can illuminate truth. Used selectively by the inept or the partisan, it is a tool of half-truth and confusion.

Research is no better than the wisdom of the man applying the findings to an unanswered question. Applying fact-finding to human behavior is the most vexing of all research projects, because the framing of the question is just as significant in responsibility as the meaning of the answer. No research project can present statistical findings immune to the influence of personal judgment, or beyond the need of ethical interpretation.

—A.M.S.



Q. Why is
Western Electric working on
"Project Mercury"—the astronaut in orbit program?

A. A vital element of Project Mercury will be the 18-station global communications, telemetry and tracking network which will maintain contact with the astronaut. Because this is basically a communications problem, Western Electric was selected by the National Aeronautics and Space Administration to lead the industrial team which is building this network. With management and technical talents proven on other defense communication projects, Western Electric was a logical choice for this assignment.

Western Electric

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Four of the six major construction contracts on the Niagara Power Project are lubricated and serviced by Texaco.

Niagara is the western world's greatest power project. Contractors are moving 39,000,000 cubic yards of rock and overburden. They are constructing a 60,000 acre-foot reservoir. They are building a great power station that will start producing power in February, 1961. The $720,000,000 cost is privately financed.

The selection of Texaco by a majority is significant. The Niagara contractors must keep equipment working, and they must have the finest lubricants. The first reason for their vote for Texaco is undoubtedly product quality, based on experience.

The second reason is undoubtedly the Texaco Contractor Representative, shown at work above. This engineer develops Simplified Lubrication Plans and stays with the job . . . at Niagara or at any other project around the globe.

Contractors know lubrication can mean the difference between profit and loss. We have a new book on this subject. Write us for a copy. Texaco Inc., 135 East 42nd Street, New York 17, N.Y., Dept. D-160.

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